

WELFARE REFORM

HEARING BEFORE THE SUBCOMMITTEE ON HUMAN RESOURCES OF THE COMMITTEE ON WAYS AND MEANS HOUSE OF REPRESENTATIVES ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

JANUARY 24, 2000

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CONTENTS

Advisory of January 5, 2000, announcing the hearing	Page 2
WITNESSES	
Florida Department of Children and Families:	
Hon. Kathleen A. Kearney, Secretary	19
Don Winstead, Welfare Reform Administrator	24
Gulfstream Goodwill Industries, Inc., Marvin A. Tanck	39
Lockheed Martin IMS, Gerald H. Miller	47
Palm Beach Workforce Development Board, William E. Pruitt, Jr.	42
Redemptive Life Fellowship, and National Center for Faith Based Initiative, Bishop Harold Calvin Ray	37
Seven Pillars Group Inc., Corletta N. Clay	49
SUBMISSIONS FOR THE RECORD	
Fowler, Hon. Tillie K., a Representative in Congress from the State of Florida, statement	59
Miami-Dade/Monroe WAGES Coalition, Riviera Beach, FL, statement	60

WELFARE REFORM

MONDAY, JANUARY 24, 2000

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
Washington, DC.

The Subcommittee met, pursuant to call, at 1 p.m., in a hearing room of the Port Center, 2051 Martin Luther King Boulevard, Riviera Beach, Florida, Hon. Nancy L. Johnson (Chairman of the Subcommittee) presiding.

[The advisory announcing the hearing follows:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON HUMAN RESOURCES

FOR IMMEDIATE RELEASE

CONTACT: (202) 225-1025

January 5, 2000

No. HR-13

Johnson Announces Field Hearing on Welfare Reform

Congresswoman Nancy L. Johnson (R-CT), Chairman, Subcommittee on Human Resources of the Committee on Ways and Means, today announced that the Subcommittee will hold a field hearing on welfare reform. **The hearing will take place on Monday, January 24, 2000, in the hearing room of the Port Center, 2051 Martin Luther King Boulevard, Riviera Beach, Florida, beginning at 12:45 p.m.**

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. Witnesses will include State and local officials, private contractors participating in the county welfare reform program, churches participating in welfare reform, and a participant in the program. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

BACKGROUND:

This hearing is the continuation of a series of field hearings across the country on welfare reform. The Subcommittee is expected to conduct additional hearings in other locations.

The Subcommittee's goal is to learn how welfare reform is being implemented in States and local communities across the nation. During this series of hearings, State and local witnesses are describing their programs and the impacts their programs are having on welfare caseloads, employment, the economic well being of families, and the local economy.

"Thanks to welfare reform, welfare rolls are down by more than 50 percent and more former welfare recipients are working and gaining independence. This is a great start. To build on this success, Congress is watching the progress of welfare reform very carefully—both in Washington and around the country—to ensure that our new approach is helping families improve their lives," said Chairman Johnson in announcing the hearing.

FOCUS OF THE HEARING:

The Subcommittee expects to learn details about the welfare reform programs being conducted in both the State of Florida and in Palm Beach County. Witnesses are expected to describe specific impacts on families, welfare dependency, employment, the welfare caseload, and communities.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Any person or organization wishing to submit a written statement for the printed record of the hearing should submit six (6) single-spaced copies of their statement, along with an IBM compatible 3.5-inch diskette in WordPerfect 5.1 format, with their name, address, and hearing date noted on a label, by the *close of business*, Monday, February 7, 2000, to A.L. Singleton, Chief of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements, other than invited witnesses, wish to have their statements distributed to the press and interested public at the hearing, they may deliver 150 additional copies (2-sided) for this purpose to the district office of Representative Mark Foley, 4440 PGA Boulevard, Suite 406, Palm Beach Gardens, Florida 33410, by close of business on Wednesday, January 19, 2000.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be submitted on an IBM compatible 3.5-inch diskette WordPerfect 5.1 format, typed in single space and may not exceed a total of 10 pages including attachments. **Witnesses are advised that the Committee will rely on electronic submissions for printing the official hearing record.**

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. A witness appearing at a public hearing, or submitting a statement for the record of a public hearing, or submitting written comments in response to a published request for comments by the Committee, must include on his statement or submission a list of all clients, persons, or organizations on whose behalf the witness appears.

4. A supplemental sheet must accompany each statement listing the name, company, address, telephone and fax numbers where the witness or the designated representative may be reached. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press, and the public during the course of a public hearing may be submitted in other forms.

Note: All Committee advisories and news releases are available on the World Wide Web at "<http://waysandmeans.house.gov>".

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Chairman JOHNSON. Welcome and good afternoon, everyone. It is a real pleasure to have so many here who are going to testify and those who are here with us just to provide information.

[Pause.]

I am Congresswoman Nancy Johnson from Connecticut and I chair the Human Resources Subcommittee of the Ways and Means Committee. The jurisdiction of this Subcommittee is welfare, foster

care and many other children's services, unemployment compensation and a number of other areas.

And we are very pleased to be here today, both to visit your Work force Development Center and to take testimony from state officials and others, to see how welfare reform is working for the people. We are holding these hearings in various parts of the country because once you make law in Washington, you really have to see what happens across the nation. And through that process of oversight, then you can adjust the legislation according to our experience in the streets of America.

Oversight is about as important as writing the original legislation. In fact, welfare reform developed—the federal Welfare Reform Act—developed from the experience of states, and the experience of both recipients and those who provided the services; and now it is our job to see that the new law does serve people more effectively, as we had hoped it would.

The statistics are terrific and I am pleased about that, I am proud of that. And as we went through this Center, it was very interesting to realize that many of these same services could have been provided under the old law. We simply did not think that way. The new law has radically changed the way both providers and beneficiaries think, not only about the system that is there to help them, but their own lives and the opportunities as free people that are available to them. So it has stimulated a profound level of reform in America and that is always a good thing. It also means that you need to look and see where it is working well, where it could be working better, and perhaps the law needs to be adjusted.

In the last year on the floor of the House, we did adjust part of our welfare legislation, the Welfare-to-Work Bill, to make it work better because there were technical problems. So oversight does feed back to us very important information and does directly affect our work. And it is that dialog between people and their life experience and their elected representatives that creates law. And that is how we govern ourselves, that is democracy.

So what is going on here today is extremely important, and I thank my Florida colleagues for having gotten us to this place that has done such an excellent job and has so much good information to offer us.

I would also like to thank my colleague and Ranking Member Ben Cardin, who has been really an outstanding Ranking Member of this Committee, we work closely together, and he has enormous expertise in his own district in many of these areas. It is not always that members come with such background and such dedication as Ben, and I enjoy working with him and I appreciate his making the trip down here.

Before we get into the formal opening statements, since I am not going to do that this time, I just wanted to welcome you. I want to recognize and offer to my friend Clay Shaw the opportunity to say a few words.

Clay was Chairman of the Human Resources Subcommittee when the welfare reform legislation was developed. And whenever you are developing a really new approach like the first Clean Air Act, you know, or the first Clean Water Act, it is a tremendous responsibility and what we call in our business, very heavy lifting.

And it is really Clay Shaw who is most responsible as opposed to any other Member of Congress and the administration for having put in place law that has really opened opportunity and freed us all to pursue new vision. So I am very pleased that he could join us today.

Congressman Shaw, who now chairs the Social Security Subcommittee of Ways and Means and has provided equal leadership to that Subcommittee at a different time, Clay, thank you for joining us.

Mr. SHAW. Thank you. Nancy, thank you very much.

And I must say the drafting of welfare reform was certainly a group effort. Many of the people here—Ron Haskins—probably the nicest thing I ever did for you was to let you inherit Ron Haskins as your staffperson. But when you see so many people here who have made this system work, who simply had faith in the human spirit, knew that people wanted to do better, but they need the self-confidence, they need the little nudge and they need the assistance and education in order to put together the tools to get off of welfare.

The system we had was the cruelest of all. It paid people to do nothing and to stay in their place, and that is all the wrong messages to send out. There are so many people that I am going to get in trouble in starting to name them, but Jerry Miller, who is here, he is with Lockheed now, he was with the State of Michigan, who did some very early work. So many of the Governors, as his old boss, Engler, Tommy Thompson—I could go on and on with the list of the Governors that we were able to work with. There is not one person that can take credit for welfare reform, it was a joint effort and it ended up as a bipartisan effort, and that is very important because if the message went out that this was an initiative of one political party, it would have not in any way have enjoyed the success that we have.

We had a lot of great people, I see Don and Kathleen who are going to be testifying, helped us out so much with children in foster care. Our Committee did wonderful things at removing racial barriers for adoption, but still that is such a tough, tough job that they have in finding and taking care of these kids and seeing that they do not fall through the cracks. I could go on and on, but I am not here to testify, I am just here to express my appreciation to you, Madam Chairman, and to Ben for bringing the Committee down here and being with us today.

Mark and I share Palm Beach County, we are very proud of the job that is being done here and in going through this building today and having been through the building down in Delray and I understand there are five locations in all, to see the great success that we are having here in Palm Beach County, as we are indeed across the state of Florida.

We truly are a leader in this area and I congratulate all of you here in this room on the job that you are doing to make this program such a success, when we have actually for the first time had a substantial decline in the welfare rolls and people are taking control of their lives, they are taking control of their future and they are setting themselves up as role models for their children, it is

bound to be a much better life ahead for the kids and for the parents of these youngsters.

So thank you for being here in Palm Beach County, we are very proud of what we have to show you. Thank you.

Chairman JOHNSON. Now I would like to turn the hearing over to my colleague, Mark Foley, a member of the Human Resources Subcommittee, very dedicated member, who is a regular participant and a strong voice and represents this area. Mark.

Mr. FOLEY. Let me thank you, Ms. Johnson, the Chair of the Committee, and Mr. Cardin, for coming down from Maryland and my colleague Clay Shaw.

Obviously one of the reasons was to go around the country and hear from the actual people who are implementing the law and looking at novel ways in which to improve the law. It is easy to pass legislation and then go on our business and assume it is all going to be taken care of. But we want to make certain that no one is falling through the cracks. It is a lot to brag about, but also a lot to take care of to make certain people are actually being taken care of on the ground.

I have a rather length introduction that I have been given to read, but again, I want to thank specifically the groups that have come before us today and will testify.

One of my own success stories, Brea Almond, is in the room, who works here now at Work force Development. She came from a school that my father was principal of, South Area Alternative School, often referred to as a school of last resort. Kids, if they do not graduate there, they may not be going on any further in academic life or in the work force.

Brea came and worked a little bit and volunteered in our office, she then got a scholarship to Lynn University, she graduated with honors. She is now here I believe the marketing director, marketing person, for Work force Development—oh, she says oh, no, I am not the director.

[Laughter.]

Mr. FOLEY. But just in a little personal perspective, to see somebody's life change and evolve from one, if you will, of despair, from some saying it could never happen for her, she would never get a chance, you might as well give up, to now being a very successful, productive and enthusiastic person. I am just delighted to see you here and I am proud of you.

The Committee on Ways and Means played a central role in writing and passing the seminal 1996 Welfare Reform law. Although we are exceptionally proud of that law, we are well aware that laws are only as good as their implementation. Thus, we have been holding an extensive set of oversight hearings in Washington and we are in the midst of a series of field hearings to learn about how the law is being implemented around the country. Previously, we have conducted field hearings in Arizona, Nevada and Pennsylvania. Next month we plan to conduct another hearing in Maryland.

Both our hearings in Washington and our field hearings have documented the remarkable success of welfare reform. The hearing, as well as evaluation studies and Census Bureau data, have shown a few rough spots, but on the whole, I think almost everyone who

follows social policy has been amazed by the success of the welfare reform movement that has swept the country since 1994. By 1994, about half the states had been granted waivers to conduct their own welfare reform programs. Then national legislation was passed in 1996.

In my opening remarks, I wanted to provide our audience with some idea of what welfare reform is all about and what our Committee has learned about its effects on children and families. This information will provide a good backdrop for our attempt to learn more about welfare reform in Florida and in Palm Beach County.

The evidence that welfare reform is working.

Our first chart, five steps to welfare transformation. This chart shows the major features of the 1996 welfare reform law.

End cash entitlement. Under the old Aid to Families with Dependent Children (AFDC) program, millions of mothers became dependent on welfare because they were entitled to the benefits, which means that they got benefits regardless of whether they tried to work or took constructive action to help themselves. The entitlement system encouraged dependency because state and local program were legally prohibited from requiring recipients to work or prepare for work. The 1996 legislation ended that entitlement.

Block grant funding. The second major feature of welfare reform was that we began giving states a fixed sum of money each year rather than more money for each person they put on welfare and less money for every person that left welfare.

Work requirements. Third, states are now required to put a specific percentage of their welfare caseload into work programs or be fined by the Federal Government. So far, every state has met that requirement.

Sanctions. If an adult on welfare is required to work or prepare for work but does not meet the requirement, their benefit is reduced and in many states even terminated. Sanctions have given an entirely new tone of seriousness to the nation's welfare programs.

Five year time limit. The day people sign up for welfare, they are told they have a lifetime total of 5 years of cash benefits. This new requirement has brought a great sense of purpose to both welfare caseworkers and welfare recipients. Simply put, recipients must succeed in achieving independence.

These five characteristics of the new welfare system have been in place in every state since 1996 or 1997. Some of the features were in place in most states by around 1994. Taken together, these reforms constitute the most thorough reform of a major social program in American history. Now let us turn to an examination of the effects produced by these reforms.

Chart number two indicates the caseload decline. This chart shows the history of enrollment in the new Temporary Assistance for Needy Families Program, known as TANF, and its predecessor program, Aid to Families with Dependent Children. I want to call your attention to three features of this graph.

First, between the last fifties and 1994, there is nearly uninterrupted increase in the rolls. Notice that there are only a few years in which the caseload actually declines. Even when the economy is

hot and jobs are plentiful, as was the case in the sixties and the eighties, the rolls did not go down.

Second, notice the big increase in the late eighties and early nineties. No one has a complete explanation for this increase, but during a period of major economic growth of the late eighties, the rolls kept increasing. Third, and most important, look at the decline after 1994, modest at first but then almost a free fall after we passed the Federal reform law in 1996. We have now reached the point at which the average state has seen a 50-percent decline in its rolls and many states have seen a decline of over 70 percent. Nothing like this has ever happened in the history of American social policy.

Chart number three, Federal funds per family on welfare. Because the welfare rolls have declined while funding has remained fixed, the states now have almost twice as much money per family on welfare as they had in 1994. This money, which can only be spent on children and families, means that the states can maintain their welfare benefit levels and still have lots of money for child care, transportation, training and whatever else is required to help the remaining families leave the welfare rolls.

Chart number four, mothers and employment. This next chart shows the dramatic increase in the number of mothers entering the work force. The top panel shows the yearly average increase in employment by all single moms. In the years before 1996, the average increase was about 140,000 per year, but in 1996, the year welfare reform passed, the increase jumped to 197,000. This impressive increase, however, pales in comparison with the 1997 increase of 412,000 people back in the workforce—by far, the largest increase ever.

The bottom panel shows the increase in employment by never-married mothers. These mothers are the poorest, the most likely to go on welfare, and the most likely to stay on welfare for a long time, and the least likely to work. And yet, between 1993 and 1998, precisely the period during which welfare reform was being implemented and the rolls were declining, there was a whopping 40-percent increase in employment by never-married mothers.

There can simply be no question that welfare reform has led to historic increases in employment, especially by the mothers most likely to be poor.

Chart number five details poverty. The welfare caseload declined each year in 1995, 1996, 1997 and 1998 and poverty among minority children also declined. In fact, the decline in black child poverty in 1997 was the biggest decline on record.

Chart number six, the new work support system. This chart shows why poverty declined so much when mothers went to work. What this chart shows is that the nation has had two revolutions. First, we had the welfare revolution that you read about in the papers and that is so widely known and popular among the American people. But second, we had a quieter revolution in the nation's work support system—the programs by which taxpayers subsidize the incomes of families that are trying to help themselves by working. This lesser known but equally essential work support system is composed primarily of child care, the Child Health Insurance

Program, or CHIP, the child tax credit, Medicaid, and the Earned Income Credit.

As this chart shows, all of these programs have expanded dramatically since 1984. In fact, if we had not passed the legislation that built the new work support system in 1999, we would be spending only \$5.6 billion helping those low-income working families. But because we passed the new work support laws, on a bipartisan basis, the nation will actually spend almost \$52 billion helping those deserving families.

This is why we are able at last to roll up victories in the war against poverty. We reformed welfare to encourage or force able-bodied adults to leave welfare. Then we created a terrific, new work support system to subsidize income when able-bodied adults took low wages.

Chart number seven shows the decline in children's poverty dated 1993 to 1998. This chart shows the decline in child poverty by a broad Census Bureau definition that includes income from all the programs in the work support system I just showed you. In just 4 years, the child poverty rate has declined from 17.5 percent to 12.9 percent, a decline of 26 percentage points.

How important is this achievement? In 1965, the nation decided to fight a war against poverty by creating hundreds of social programs and giving away billions of dollars in cash and benefits. Between 1965 and 1995, Federal and state governments increased spending on social programs by a factor of 10, from about \$40 billion to nearly \$400 billion in constant dollars. Despite all these new programs and all this new spending, the child poverty rate did not decline at all. So we threw billions of dollars at poverty and poverty won.

The reason is now clear, we were fighting a war using the wrong weapon. Our main strategy was giving away benefits without requiring anything in return. Instead of poverty reduction, we got welfare dependency. Instead of helping people get back on their feet, we stuck them with a system that punished work. But now the nation has adopted a new strategy. We encourage and, where necessary, demand work. Then we supplement income with the growing work support system. As the poverty data in this chart shows, we have great success so far.

No I do not want to leave the impression that we have solved every problem and there is nothing left to do. There are at least three problems that our Subcommittee wants to know about. First, not enough children are getting Medicaid after their family leaves welfare—we want to know why. And under Chairman Johnson's leadership, our Subcommittee will be exploring this issue in the months ahead. The second problem is the enrollment in food stamps is also declining. Frankly, the evidence seems to indicate that some of this decline is being caused by a stigma. Lots of families want to escape welfare completely and depend only on themselves and the less stigmatized parts of the work support system, like the earned income credit. So many families seem to be choosing not to receive food stamps. While admiring these families for their choice, we should make sure food stamps are available to families that need them.

And finally, the evidence indicates that there is a small group of families at the bottom who are being left behind. They are leaving welfare, but they are not working. We need to know why they are not working and we need to develop better ways to help them. As the evidence I have summarized makes clear, there is a lot of money available to tackle this problem.

Our Subcommittee on Human Resources has come here today to spread the word that welfare reform is working well and that we need to continue on the path we are on. We are making dramatic progress against poverty and we are making it the old-fashioned way—people are earning their way out of poverty.

But we are also here because we want to know more about the details of the welfare reform in states and localities throughout the nation. I am proud that the Subcommittee has decided to visit this district and learn more about how our professionals and other citizens are handling welfare reform. We have, as Chairman Johnson has indicated, already learned a great deal by visiting the Palm Beach County Work force Development Board and I expect we will learn a lot more during this hearing.

[The opening statement of Mr. Foley follows:]

Opening Statement of Hon. Mark Foley, a Representative in Congress from the State of Florida

INTRODUCTION

The Committee on Ways and Means played the central role in writing and passing the seminal 1996 Welfare Reform Law. Although we are exceptionally proud of that law, we are well aware that laws are only as good as their implementation. Thus, we have been holding an extensive set of oversight hearings in Washington and we are in the midst of a series of field hearings to learn about how the law is being implemented around the country. Previously, we have conducted field hearings in Arizona, Nevada, and Pennsylvania. Next month we plan to conduct another hearing in Maryland.

Both our hearings in Washington and our field hearings have documented the remarkable successes of welfare reform. The hearings, as well as evaluation studies and Census Bureau data, have shown a few rough spots, but on the whole I think almost everyone who follows social policy has been amazed by the success of the welfare reform movement that has swept the country since about 1994. By 1994, about half the states had been granted waivers to conduct their own welfare reform programs. Then national legislation was passed in 1996.

In my opening remarks, I want to provide our audience with some idea of what welfare reform is all about and what our Committee has learned about its effects on children and families. This information will provide a good backdrop for our attempt to learn more about welfare reform in Florida and Palm Beach County.

EVIDENCE THAT WELFARE REFORM IS WORKING

Chart 1: Five Steps to Welfare Transformation.

This chart shows the major features of the 1996 welfare reform law.

- *End Cash Entitlement.* Under the old Aid to Families with Dependent Children (AFDC) program, millions of mothers became dependent on welfare because they were entitled to the benefits—which means they got the benefits regardless of whether they tried to work or took constructive action to help themselves. The entitlement system encouraged dependency because state and local programs were legally prohibited from requiring recipients to work or prepare for work. The 1996 legislation ended the entitlement.

- *Block Grant Funding.* The second major feature of welfare reform was that we began giving states a fixed sum of money each year rather than more money for each person they put on welfare and less money for every person that left welfare.

- *Work Requirements.* Third, states are now required to put a specific percentage of their welfare caseload into work programs or be fined by the federal government. So far, every state has met its work requirements.

- *Sanctions.* If an adult on welfare is required to work or prepare for work but does not meet the requirement, their benefit is reduced and in many states even terminated. Sanctions have given an entirely new tone of seriousness to the nation's welfare programs.

- *5 Year Time Limit.* The day people sign up for welfare, they are told that they have a life-time total of 5 years of cash benefits. This new requirement has brought a great sense of purpose to both welfare case workers and welfare recipients. Simply put, recipients must succeed in achieving independence.

These five characteristics of the new welfare system have been in place in every state since 1996 or 1997, and some of the features were in place in most states by around 1994. Taken together, these reforms constitute the most thorough reform of a major social program in American history. Now let us turn to an examination of the effects produced by these reforms.

Chart 2: Caseload Decline.

This Chart shows the history of enrollment in the new Temporary Assistance for Needy Families program (TANF) and in its predecessor program Aid to Families with Dependent Children (AFDC). I want to call your attention to three features of this graph:

First, between the late 1950s and 1994, there is a nearly uninterrupted increase in the rolls. Notice that there are only a few years in which the caseload actually declines. Even when the economy is hot and jobs are plentiful, as was the case in the 1960s and the 1980s, the rolls do not go down.

Second, notice the big increase in the late 1980s and early 1990s. No one has a complete explanation for this increase, but during a period of major economic growth of the late 1980s, the rolls kept increasing.

Third, and most important, look at the decline after 1994, modest at first, but then almost a free fall after we passed the federal reform law in 1996. We have now reached the point at which the average state has seen a 50 percent decline in its rolls. And many states have seen a decline of over 70 percent. Nothing like this has ever happened in the history of American social policy.

Chart 3: Federal Funds per Family on Welfare.

Because the welfare rolls have declined while funding has remained fixed, the states now have almost twice as much money per family on welfare as they had in 1994. This money, which can only be spent on children and families, means that states can maintain their welfare benefit levels and still have lots of money for child care, transportation, training, and whatever else is required to help the remaining families leave the rolls.

Chart 4: Mothers and Employment.

This next chart shows the dramatic increase in the number of mothers entering the work force. The top panel shows the yearly average increase in employment by all single moms. In the years before 1996, the average increase was about 140,000 per year. But in 1996, the year welfare reform passed, the increase jumped to 197,000. This impressive increase, however, pales in comparison with the 1997 increase of 412,000, by far the largest increase ever.

The bottom panel shows the increase in employment by never-married mothers. These mothers are the poorest, the most likely to go on welfare, the most likely to stay on welfare for a long time, and the least likely to work. And yet, between 1993 and 1998, precisely the period during which welfare reform was being implemented and the rolls were declining, there was a whopping 40 percent increase in employment by never-married mothers.

There can simply be no question that welfare reform has led to historic increases in employment, especially by the mothers most likely to be poor.

Chart 5: Poverty.

The welfare caseload declined each year in 1995, 1996, 1997, and 1998, and poverty among minority children also declined. In fact, the decline in black child poverty in 1997 was the biggest decline on record.

Chart 6: The New Work Support System.

This chart shows why poverty declined so much when mothers went to work. What this chart shows is that the nation has had two revolutions. First, we had the welfare revolution that you read about in the papers and that is so widely known and popular among the American people. But second, we had a quieter revolution in the nation's work support system—the programs by which taxpayers subsidize the incomes of families that are trying to help themselves by working. This

lesser known but equally essential work support system is composed primarily of child care, the Child Health Insurance Program (or CHIP), the child tax credit, Medicaid, and the Earned Income Credit.

As this chart shows, all of these programs have expanded dramatically since 1984. In fact, if we had not passed the legislation that built the new work support system, in 1999 we would be spending only \$5.6 billion helping these low-income working families. But because we passed the new work support laws, mostly on a bipartisan basis, the nation will actually spend almost \$52 billion helping these deserving families.

That is why we are able at last to roll up victories in the war against poverty. We reformed welfare to encourage or force able-bodied adults to leave welfare. Then we created a terrific, new work support system to subsidize income when able-bodied adults took low-wage jobs.

Chart 7: Decline in Children's Poverty, 1993–1998.

This chart shows the decline in child poverty by a broad Census Bureau definition that includes income from all the programs in the work support system I just showed you. In just four years, the child poverty rate has declined from 17.5 percent to 12.9 percent—a decline of 26 percent.

How important is this achievement? In 1965 the nation decided to fight a war against poverty by creating hundreds of social programs and giving away billions of dollars in cash and benefits. Between 1965 and 1995, federal and state governments increased spending on social programs by a factor of 10—from about \$40 billion to nearly \$400 billion in constant dollars. Despite all these new programs and all this new spending, the child poverty rate did not decline at all. So we threw billions of dollars at poverty and poverty won.

The reason is now clear. We were fighting a war using the wrong weapon. Our main strategy was giving away benefits without requiring anything in return. Instead of poverty reduction, we got welfare dependency. Instead of helping people get back on their feet, we stuck them with a system that punished work. But now the nation has adopted a new strategy. We encourage, and where necessary demand, work. Then we supplement income with the growing work support system. As the poverty data in this Chart show, we are having great success so far.

Now, I don't want to leave the impression that we've solved every problem and there's nothing left to do. There are at least three problems that our Subcommittee wants to know more about. First, not enough children are getting Medicaid after their family leaves welfare. We want to know why—and under Chairman Johnson's leadership, our Subcommittee will be exploring this issue in the months ahead. The second problem is that enrollment in food stamps is also declining. Frankly, the evidence seems to indicate that some of this decline is being caused by stigma—lots of families want to escape welfare completely and depend only on themselves and the less stigmatized parts of the work support system like the Earned Income Credit. So many families seem to be choosing not to receive food stamps. While admiring these families for their choice, we should still make sure food stamps are available to families that need them.

And finally, the evidence indicates that there is a small group of families at the bottom who are being left behind. They are leaving welfare but not working. We need to know why they are not working and we need to develop better ways to help them. As the evidence I have summarized makes clear, there is lots of money available to tackle this problem.

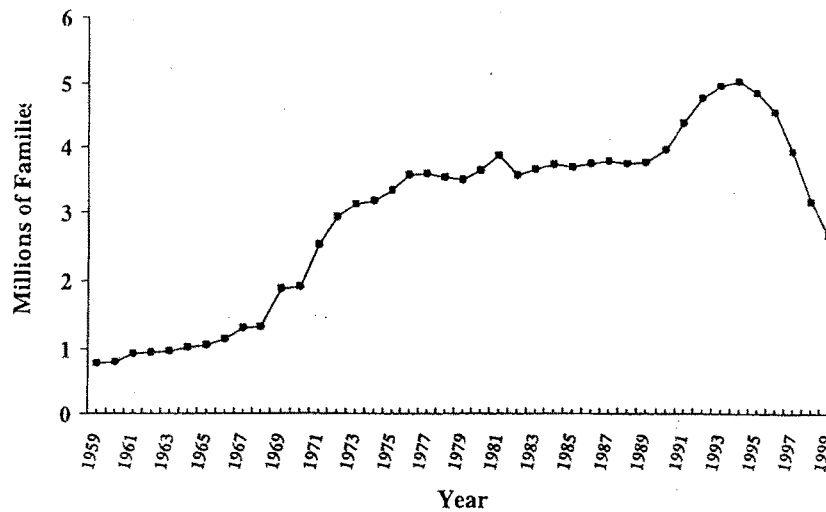
CONCLUSION

Our Subcommittee on Human Resources has come here today to spread the word that welfare reform is working well and that we need to continue on the path we are on. We are making dramatic progress against poverty and we're making it the old fashioned way: People are earning their way out of poverty.

But we're also here because we want to know more about the details of welfare reform in states and localities throughout the nation. I am proud that the Subcommittee has decided to visit my district and learn more about how our professionals and other citizens are handling welfare reform. We have, as Chairman Johnson has indicated, already learned a great deal by visiting the Palm Beach Workforce Development Board and I expect we will learn a lot more during this hearing.

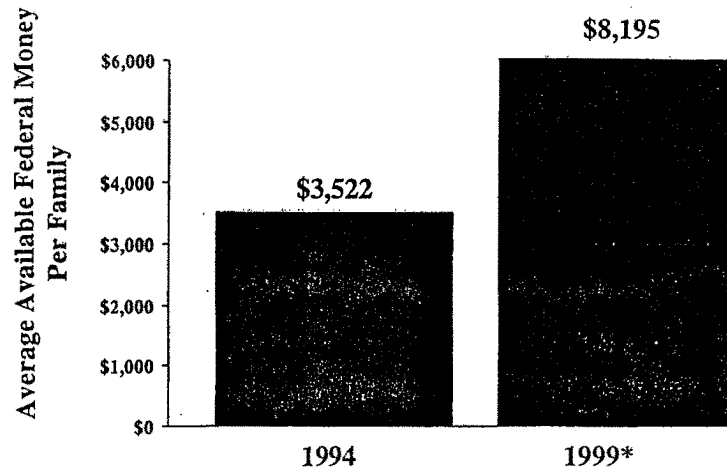
Chart 1**Five Steps to Welfare Transformation:**

- 1. End Cash Entitlement**
- 2. Block Grant Funding**
- 3. Work Requirements**
- 4. Sanctions**
- 5. 5-Year Time Limit**

Chart 2**AFDC/TANF Caseload, 1959-1999**

Source: Congressional Research Service

Chart 3
Federal Funds Per Family on Welfare



*As of March 1999 TANF caseload of 2.6 million

Source: Department of Health and Human Services

Chart 4

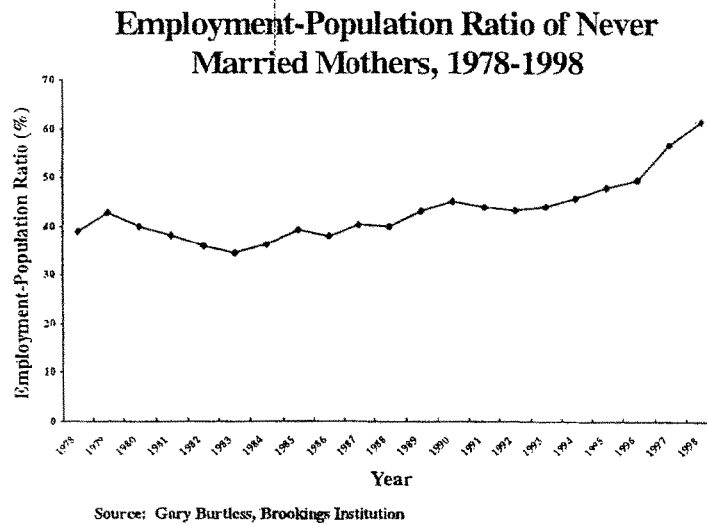
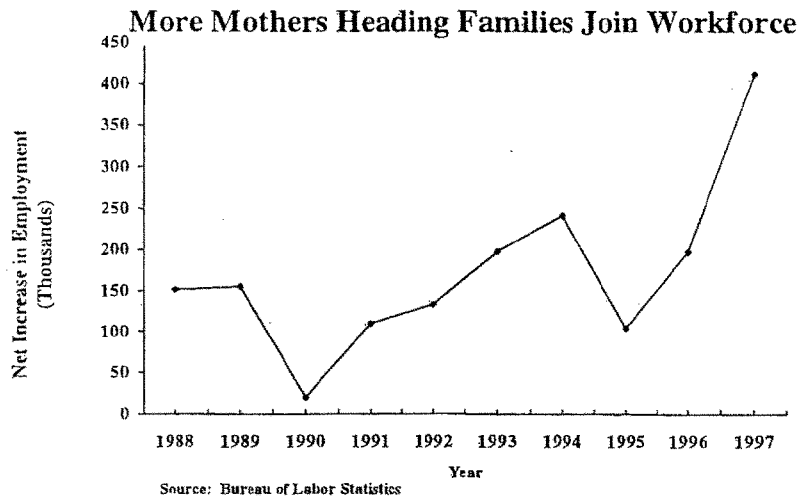
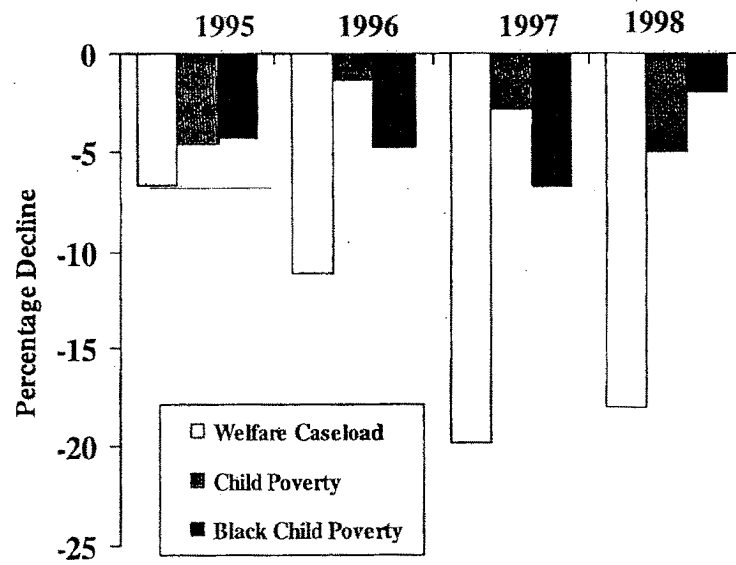
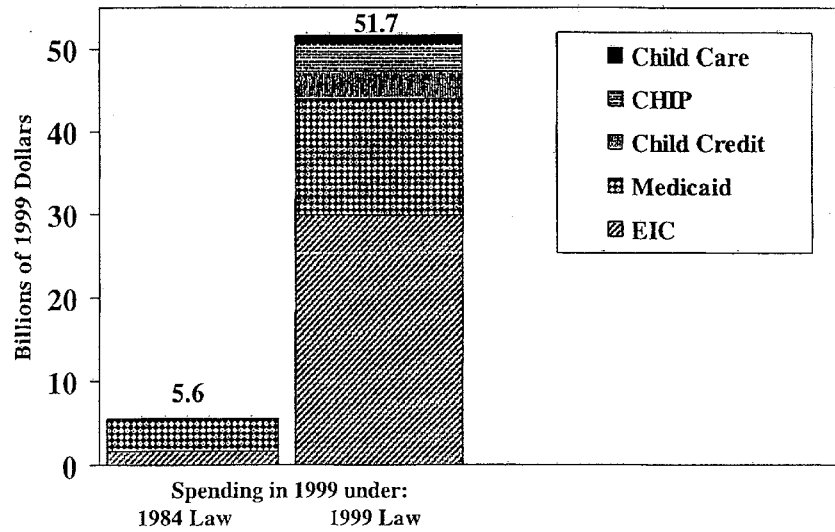


Chart 5
Welfare Caseloads and Children's
Poverty Decline Simultaneously, 1995-1998



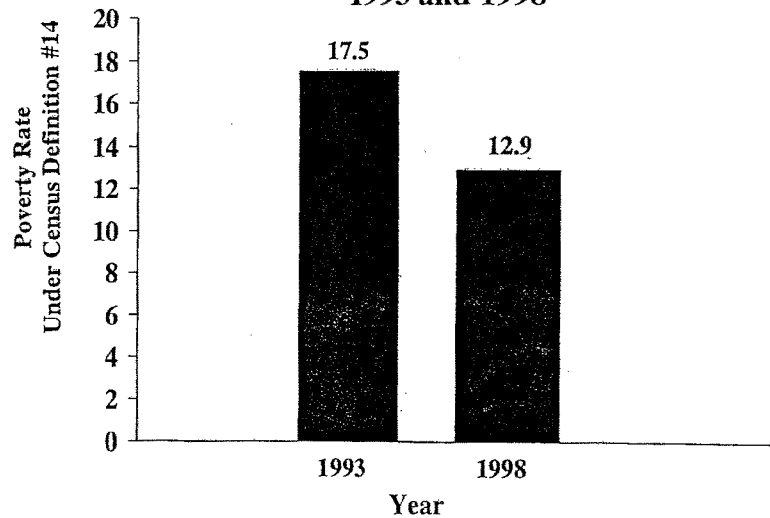
Source: Caseload Data from Congressional Research Service; Poverty data from Census Bureau

Chart 6
Support for Working Families
Increases Dramatically, 1984-1999



Source: Congressional Budget Office

Chart 7
Decline in Children's Poverty Rate by Broad Definition,
1993 and 1998



Source: U.S. Bureau of the Census

Mr. FOLEY [presiding]. I am delighted now to recognize our first two panelists—excuse me, my apologies. Let me recognize the Ranking Member, the Democrat from Maryland, a good fellow and a friend personally, who I will tell you from my own observation, when it comes to this particular issue of people, of taking care of citizens and making certain no person has been left behind, there is no better team members in Washington, if you will, that are looking out for the citizens as are Nancy Johnson and especially my dear friend, Ben Cardin.

Mr. CARDIN. Let me thank Congressman Foley for those very, very kind comments, and I want to thank both Congressman Foley and Congressman Shaw for their very warm hospitality here in Florida. They both thanked Nancy Johnson and me for coming here, but if you come from Connecticut and Maryland with all that snow and ice, it did not take much convincing—in fact, we are very pleased you have a Congress Avenue here, we might want to make this permanent.

[Laughter.]

Mr. CARDIN. So let me thank you for—and we also tried to solve your drought problem. I do not know if we have done a good job or not, but Congressmen take credit for everything, so we will take credit, whether it is good or bad, you come out ahead.

But I really do want to compliment my colleagues that are here. Ms. Johnson understands very well that one of the principal roles of our Committee is to oversight the welfare reform proposal, to try to see what is working and what is not working.

During the course of enacting welfare reform, we did have a rather contentious debate in Washington and there are still some today who refuse to recognize the success that we have had in welfare reform in getting down the welfare rolls. There are others who think the problems have been solved. But I think you will find from our commitment to come out to field hearings that we understand yes, we are on the road to improving our welfare system in this country but we have not yet accomplished our goal, there is still a lot more that needs to be done.

And I compliment Ms. Johnson for coming out to the communities. It is important that we hear how it is working here in Palm Beach, Florida and other parts of the nation. We pass the laws in Washington but we depend upon the local communities really to implement welfare reform. It is a partnership, a Federal-local government partnership.

And one of the issues that I am particularly interested in is how the resources are being used here locally. We have a strong economy, the welfare rolls are down. We made a commitment to block grant the funds, as Representative Foley indicated. The money is here. We hope that you are using not only the moneys that we are providing, but your local resources, to deal with the more difficult problems that are out there and not just using the money for other purposes. Because as Representative Foley pointed out, we still have a lot further to go before we can claim success.

So let me sort of add to the list that Representative Foley pointed out. I agree with him completely that we need to look at the

food stamp and Medicaid rolls and find out why people who are eligible are not enrolled in those programs. And we need to look at those individuals who have multiple problems that are on the welfare rolls, to deal with their particular needs. But I would also like to add a couple of other concerns that I have as to whether welfare reform in fact is working as we have intended.

One has to do with safe and affordable child care. Are we doing an adequate job in order to remove that obstacle that is in the way of many American families.

Then last, are we making real progress in permanently dealing with poverty in this nation. Yes, we have seen the poverty numbers go down, but those that are in poverty, in many cases, are worse off today than they were 5 years ago. We need to take a look at that. Yes, people are leaving welfare, some are getting jobs. Are they staying with those jobs? Are their incomes going up? Are we making a real dent on poverty in this nation?

Quite frankly, looking at the Work force Development Center here, I have reason I think to be optimistic that we can deal with those problems. This center is a tremendous asset to people so that they can not only work themselves out of poverty, but remain out of poverty and enjoy more of the fruits of our good economy.

So I hope that we will use all the tools that we have available, the creativity of local government—I should also point out the EITC credit has certainly helped in this regard to help families out of poverty and it also helps to have a good economy.

Working together, I think we can continue the progress we have made during the past 5 years and I look forward to hearing from our witnesses today.

Mr. FOLEY. I am reminded to tell the witnesses that we are under the 5-minute rule, as are Members of Congress. And we will first turn to Judge Kathleen Kearney, who is obviously the Secretary of the Florida Department of Children and Families. We welcome you here and you may begin.

**STATEMENT OF HON. KATHLEEN A. KEARNEY, SECRETARY,
FLORIDA DEPARTMENT OF CHILDREN AND FAMILIES**

Ms. KEARNEY. Thank you, Congressman.

Madam Chair and Members of the Subcommittee, I would like to commend you for coming into the field, because you are actually seeing the results of your architecture, the fact that you have been leaders in welfare reform in the United States. It must be very rewarding for you to come out and to see the human face that has now been put on those efforts.

I am Kathleen Kearney, I am the Secretary of the Florida Department of Children and Families. Immediately prior to my appointment by Governor Bush, I was serving as a circuit court judge in Broward County, Florida, where for ten and a half years, I presided over child abuse cases in the dependency court arena. So I have testified before this Committee before in the area of foster care, particularly in the Adoption and Safe Families Act. So my remarks will be in the context of what I saw both in the courtroom day in and day out and what I am now seeing as the Secretary of the Florida Department of Children and Families.

First let me tell you that as of October 1 of 1996, every juvenile judge in the state of Florida, probably in the United States, was holding their breath, wondering if in fact welfare reform would instead increase children coming into care because their parents would not be able to care for them if they had benefits cutoff. So all of us were very concerned about whether when that time limit was reached, you would then see people literally falling off the cliff and more children coming into the custody of the Department and under the jurisdiction of the courts.

That did not happen. In fact, the very opposite happened.

Day in and day out, there was not a day that passed in my courtroom that I did not see a mother or a father who would come in to me in court for a judicial review while their children were in foster care and bring to me their first paycheck that they had ever earned. And the self-esteem that came with that that said I have a job, I am someone, was something that did more than anything to help them to be encouraged that the system does work and that they could in fact be a good parent. So in many ways, your welfare reform architecture also helped to reform the child protection system and laid good groundwork for your work with Adoption and Safe Families Act.

Mr. Winstead, who is the Welfare Reform Administrator for Florida, will be talking specifically with you about the issues that you had addressed, most particularly Medicaid, food stamps, whether or not those problems exist since we have been successful in moving people from welfare to work.

I would like to point out to you though that the purpose of my testimony is to strongly encourage you to do what you have in the past, and demonstrate your leadership in ensuring that the states have the flexibility to fully implement welfare reform and to continue the great strides and successes that we have made. I am particularly proud of the fact that Florida, among the eight leading states that have 60 percent of reduction in welfare rolls, Florida is number one. I think we are number one because of the flexibility that you have provided to us through this law.

We have used the four purposes of TANF that you gave us and we have looked at all of them—not merely moving people from welfare to work, but we have placed a lot of emphasis on preventative measures, to prevent people from coming onto the rolls and people—once they have gone to work, to prevent them from having to return to welfare because they did not have the necessary support services in place.

If you will look at what we have done particularly in our child care and child care for the working poor. In the proposed budget that Governor Bush just unveiled last week, you will see that there is contained within that, with the use of TANF funds, slots for 13,000 additional children, slots that are absolutely critical in assisting working parents, so that they know that their children are in safe, affordable child care. That is something that we have used the TANF funds for very successfully.

We have also used the TANF funds to fund what we call our Relative Care giver Program. Children that would be in foster care, but for the ability of a relative to have TANF funds—and in Florida, we are having that at 70 percent of the Board rate you would

give for foster parents. These relatives now are able to keep these children. In the past, before this program was available, these children would have been in foster care.

Again, drawing on my court experience, a day did not go by that I did not have a grandmother or an aunt that would come in and say I would keep these children but for the fact, I do not have child care, or but for the fact I do not have money to feed them. Therefore, I am turning them over to the state.

I encourage you to continue the flexibility with the states that right now, if you do not do that, you can pay me now or pay me later, because my IV-E funds will go up because of the children that will be coming into care. So I encourage you to keep your leadership high in this arena.

Thank you.

[The prepared statement follows:]

Statement of Hon. Kathleen A. Kearney, Secretary, Florida Department of Children and Families

Madam Chairman and members of the subcommittee, I am pleased that you have come to Florida as part of your review of welfare reform across the country. Your subcommittee played a central role in the creation of the Temporary Assistance for Needy Families (TANF) program and led the way in providing states with the flexibility to use block grant funds to design innovative programs to meet the purposes of TANF. We believe Florida has been at the forefront of state welfare reform efforts and I want to share with you information about some of our remarkable accomplishments as well as some of the challenges we face in the future.

I am Judge Kathleen A. Kearney, Secretary of the Florida Department of Children and Families. I was appointed by Governor Jeb Bush on January 5, 1999 and was confirmed by the Florida Senate on March 2, 1999. Prior to accepting this position, I served as a county and circuit court judge in Fort Lauderdale, Florida for ten and one-half years. I have elected "retired judge" status to serve as Secretary of the Department. Throughout my active tenure on the bench, I presided over dependency court proceedings and have seen the connection between welfare reform and the child welfare system in the faces of thousands of children and their families. I was appointed by the Florida Supreme Court to chair Florida's Dependency Court Improvement Program (DCIP) in 1996 and still serve as a member of the DCIP oversight committee.

The Florida Department of Children and Families is the state agency that administers the TANF block grant. Our program is called the WAGES program, which stands for Work and Gain Economic Self-Sufficiency. The overall governance of the WAGES Program is set up in a corporate model. There is a state Board of Directors. Half of the members of the State WAGES Board are from the private sector and the rest are heads of state agencies or other entities that are involved in the implementation of the program. The chairman of the State Board is Mr. Michael Poole, a businessman from Orlando. As Secretary of the Department of Children and Families, I am a member of the State Board of Directors.

In addition to establishing a state board of directors to oversee the program, Florida has devolved much of the responsibility for local management and oversight of the program to 24 local WAGES coalitions. Our state law explicitly provides local communities with the option of integrating their WAGES coalition with the Regional Workforce Development Board. This is the model that has been adopted in Palm Beach County. When you hear from the Workforce Development Board of Palm Beach County in your next panel, you will be hearing from an organization that has responsibility for both the WAGES program and the Workforce Development system.

In their role as the WAGES Coalition, this organization has the responsibility of developing the local service delivery plan and the local financial plan for welfare reform. This plan is then subject to review and approval by the State Board. This approach provides a uniform framework throughout the state but permits significant local flexibility in program design and operation.

My department's role in the program focuses most specifically on eligibility and administration of the subsidized child care program. We also are the state agency that administers the family safety program, including protective investigations and child welfare services, substance abuse and mental health programs, developmental

service programs, adult services including adult protective investigations, refugee programs and economic self-sufficiency programs. Currently, the Department employs almost 27,000 people, administers over 1,700 contracts and has an annual budget of \$4 billion.

In my testimony today, I want to provide you with an overview of accomplishments in Florida. I have asked Don Winstead, our Department's welfare reform administrator to provide you with more specific information in his testimony about the trends we are seeing in the caseload and some of the dynamic changes in historical caseload patterns that we are experiencing. For my comments, I will discuss the overall results of the program, share with you information about some of the new programs in Florida that utilize TANF block grant funds to strengthen vulnerable families as well as the role TANF funding plays in the child care program. I'll conclude my remarks with some recommendations on the challenges we face in the future and some issues that I hope you will keep in mind as you begin to think about the discussion in the next two years about reauthorization of TANF.

Any discussion of overall results of the WAGES program inevitably begins with the extraordinary caseload decline we have experienced. We implemented the WAGES program effective October 1, 1996. In the month prior to implementation, September 1996, our overall caseload was 200, 292. This includes families containing an adult who are subject to the work requirement and time limits and so-called, "child-only" cases—primarily children living with grandparents or other relatives. This month, our overall caseload is 74,576, a reduction of 63%.

There are eight states in the U.S. that collectively account for about 60% of the nation's welfare cases. Based on the latest data from the Administration for Children and Families, Florida's overall caseload reduction is the highest among these eight large states. Impressive as this decline is, the overall numbers mask an even greater decline in the WAGES program. If we define the WAGES caseload as those families who include one or more adults, that is to say the caseload that does not include the "child-only" cases, the overall caseload decline in Florida has been about 75%.

This is because the WAGES families who are subject to our time limits and the work requirement have left welfare at a faster rate than the "child-only" cases that are not subject to time limits or work requirements.

While I'm certain that we could have a lively discussion of whether caseload decline is the most appropriate measure for success in welfare reform, one simple fact is clear. Prior to the implementation of WAGES, Florida's monthly cost of welfare benefits was over \$53 million. This month, welfare benefits will cost about \$21 million. This means that over \$30 million a month is available to the state to invest in services and supports that encourage work. We have fundamentally shifted the emphasis in the program from spending money to support welfare dependency to investing in child care, work activities and other support services that support work.

Our success in reducing the caseload has also given us the ability to think about the needs of families in a broader context than the traditional welfare program. One of the key decisions you made in crafting the 1996 welfare reform provisions was to think about the needs of families beyond the important element of work.

Let me be clear. Work is, and should be, the foundation of welfare reform. However, important as work is to family self-sufficiency, there are other considerations that are also vital. I suspect this is why you defined four purposes of TANF rather than one. In addition to stressing the importance of ending dependency through job preparation and work, you also sought to increase the flexibility of states in operating a program to provide assistance to needy families so that children may be cared for in their own homes or the homes of relatives. You also challenged states to prevent and reduce out-of-wedlock pregnancies and you underscored the need to encourage the formation and maintenance of two-parent families.

Florida has made exciting strides in defining new programs to strengthen and protect vulnerable children and families under these provisions—and we're planning to do more.

The 1999 session of the Florida Legislature enacted provisions that defined new groups of eligible families to receive services designed to strengthened the families and reduce the likelihood of future welfare dependency. These included programs to provide services to victims of domestic violence, children and families in situations where there has been a finding of risk of abuse or neglect, families with newborns who are receiving in-home services from our Healthy Families Florida program, families at risk of welfare dependency due to substance abuse or mental illness, teen parents and teens needing pregnancy prevention services and families needing child care for teens with special needs such as children with medical needs so that the parents can continue to work.

Historically, services funded by the AFDC program have been restricted to families with incomes below 28% of poverty. These new programs permit us to utilize TANF funds to serve families with incomes up to 200% of the federal poverty level.

Some critics of welfare reform predicted that state flexibility would result in a "race to the bottom." In Florida, rather than a "race to the bottom" we are running a marathon with strong and stable families as our prize. Rather than reducing our commitment to families, TANF has enabled us to strengthen and enhance those who are most vulnerable.

As I mentioned earlier, I spent over ten years on the bench as a judge in dependency court. I can't tell you the number of family situations I've seen where the needs of the children and their parents cut across the alphabet soup of the Social Security Act. More and more we're finding that the TANF statute provides us the flexibility to design programs that bridge the historic gaps between Title IV-A, Title IV-E, Title IV-B and Title IV-D. TANF is the glue that binds these programs that are all under the jurisdiction of your subcommittee into a stronger foundation of services for children and families.

You have seen that the pieces must fit together and you've given us powerful new tools to increase the effectiveness of our efforts.

We've also used the flexibility you have given us to transfer TANF block grant funds to the Child Care and Development Fund. In addition to transferring the full amount of fund allowed by federal law, we are also budgeting over \$130 million in TANF funds directly to child care. Last week, Governor Bush submitted his recommended budget to the legislature for the state fiscal year that begins July 1, 2000 and goes through June 30, 2001. This budget expands the commitment of TANF funds to child care and provides 13,000 additional slots for working families.

Governor Bush's budget will provide greater access to child care for working families in Florida than any budget in the history of our state. Madam Chairman, if together we accomplished nothing more than to make child care available to low income families, we would have cause for celebration. But, we intend to do much more. We plan to use TANF funds to enhance our ability to provide critically needed services in child welfare to stabilize families and protect children. We are also expanding use of TANF to provide prevention services and intervention services such as substance abuse and mental health services.

Before concluding my comments, I would like to discuss some of the challenges we face as we continue implementation of welfare reform.

One of the realities we face is that the more successful we are, the harder the job becomes. Although new families apply for assistance every month, the current caseload inevitably contains a higher proportion of participants with significant barriers to employment. This means that our cost per participant can be expected to increase over time and that costs related to investments in supports such as child care, post-employment services and activities focusing on retention will also receive increased attention.

It would be very tempting to look at the tremendous decrease in the caseload and to assume that the block grant could be decreased proportionally. Thus far, the House of Representatives has recognized that this would be a flawed course of action and has maintained the block grant. I encourage you to continue to provide us with the resources needed to serve families remaining on welfare as well as those vulnerable low-income families who have entered the work force.

I would encourage you to provide us with increased flexibility in two areas. The TANF legislation explicitly permitted states to contract with charitable, religious or private organizations. As a practical matter, however, our options in the area of contracting are limited because of the level of service integration we have achieved with the Food Stamp and Medicaid programs. When we determine eligibility for assistance under TANF, we simultaneously determine if the family would be eligible for both Food Stamps and Medicaid. Because of limitations in these other federal programs, we cannot fully implement our plans to contract for local services. I believe that representatives from the local workforce development board, which is the local WAGES Coalition, and representatives from the private sector will provide additional comments on this issue. I hope you will consider changes in federal law that will allow us the option of fully contracting for TANF services that are integrated with other federal programs just as you allow us to contract with local service providers for child care services and a host of other services.

Our agency is beginning a comprehensive reorganization in which the development of local systems of care through contracts is a key component. We aim to be world-class contract managers and we believe our already successful welfare reform program should be part of that effort.

The other area where I wanted to make a recommendation for future consideration deals with the degree of flexibility you have given to states. While the TANF

block grant comes with numerous requirements ranging from use of funds to data reporting, I think any knowledgeable observer of federal/ state relations would agree that you have given the states significantly more latitude in how we design and fund programs than you did under the old AFDC program. I think the success we have demonstrated so far has been the result of this flexibility.

As you consider future modifications to the current law and reauthorization of the statute, I hope you will retain this important feature of the program. Critics of welfare reform predicted all sorts of catastrophic impacts, but that has not been the experience in Florida or any other state of which I'm aware. We have used the flexibility you have given us to expand the ability of families to keep money they earn from employment. We have doubled our asset limit, increased the exemption on vehicles, removed the restrictions that punished two-parent families, expanded eligibility for child care. The list goes on and on.

I hope you will resist the temptation to put new limitations or constraints on states about who we serve and reject new restrictions or requirements on state funds that are used in the program. The maintenance of effort requirement currently in law has been an effective mechanism to assure continued state financial commitment to the program. I hope you will permit us to continue to provide for effective services to families.

I will close by referencing a recent federal finding that we found particularly pleasing. On December 4, 1999, Secretary Shalala announced the awarding of High Performance Bonus funds to states. The funds were awarded in two broad areas, job placement and job success, with the job success measure being based on employment retention and earnings. Awards were made on for FFY 1998 performance in each category as well as improvement from FFY 1997 to FFY 1998.

While we would have gotten more money by scoring highest on job placement, I was very pleased to see that Florida's award was based on the job success measure. We were among the top ten states in the country for FFY 1998 on job quality and ranked number 1 in the country in improvement in job success from 1997 to 1998.

For us to have the largest caseload reduction among big states and to have the highest improvement in retention and earnings was a remarkable achievement. I think it shows that Florida's WAGES program is working—in every sense of the word. We look forward to continued success and to continuing to improve the program to meet the challenges of the future.

I'll be glad to try to address any questions you may have.

Mr. FOLEY. Thank you, Judge.

Our next presenter, Don Winstead, who is the Welfare Reform Administrator with the Florida Department of Children and Families.

STATEMENT OF DON WINSTEAD, WELFARE REFORM ADMINISTRATOR, FLORIDA DEPARTMENT OF CHILDREN AND FAMILIES

Mr. WINSTEAD. Thank you very much, Congressman. And as I thank Congressman Foley and talk with you about passage of the national Welfare Reform Bill, I should acknowledge also I speak to former State Senator Foley, who was a key supporter in 1993 in one of those welfare demonstration programs that the Chair spoke of, that really led us to where we are today.

Mr. FOLEY. Thank you.

Mr. WINSTEAD. As Judge Kearney indicated, I am going to address in a little bit more detail, within the time limitation, some of the dynamics we are seeing within the welfare caseload and some of the other issues that you have raised. There are four key points that I want to make this afternoon.

First, the caseload and the dynamics of welfare dependency are just much more complicated and much more dynamic than anything we have ever thought in the past.

Second, many of the fears that we have heard about the catastrophic effects of placing time limits on cash assistance have at least so far not turned out to be accurate. Let me say in Florida, that although we are mindful of the Federal 5-year limit, that limit of course is 5 years or less at the discretion of the state, and in Florida, we start off, most people have a 2-year time limit and then some longer term recipients start off with a 3-year time limit, with certain exceptions and exemptions.

Third, I want to talk with you briefly about how we are using money and some of the dramatic effects we have seen in how we have used funds under current programs as compared to the old AFDC program.

And fourth, I want to talk about some of the transitional benefits, particularly the issue of Medicaid enrollment in children.

Let me focus in—and in my written testimony, there are a lot more facts and figures—but I will focus in on what we call our WAGES caseload. You have heard the term WAGES this morning, that is our state program and it is an acronym that stands for Work and Gain Economic Self-Sufficiency. Within our overall cash assistance program, you can separate into the WAGES families, who are the families with adults that are subject to the time limits and the work requirements and the so-called child-only cases, grandparents raising grandchildren. And in those situations, the family is not under a time limit or work requirement.

When we began the WAGES program in October 1996, after you passed the legislation, there were about 150,000 families in the WAGES program. That is, they contained adults subject to the time limit and work requirement. Today, there are fewer than 40,000 families. There is a tendency to think that if we went from 150,000 to 40,000, that is because 110,000 families left assistance. Not so.

What actually has happened is there were about 150,000 families and then an additional 375,000 families—I am sorry, an additional number came on for a total of about 525,000 and now we are down to about 40,000. And those families that came on contained unduplicated, about 400,000 adults or participants.

So the math gets complicated, but the key point is that of the families who have received benefits under the WAGES program from October 1996 to December 1999, 90 percent of those families are off of welfare today. So actually, the number of people leaving welfare is much more dramatic than the numbers at first glance seem. What that means is that we have a very large number of families out there who have received some welfare, but who are struggling, who are in a very economically vulnerable situation. And I think why we are stressing so much the need to provide services and supports for families who either were diverted from welfare or have left welfare, is an important issue.

This also has important implications for time limits. What we found in our experience—and again, our time limit experience goes back to 1993 and 1994 when we first started enrolling people in a time limit demonstration program—of the people who could reach the time limit, about one percent of those families actually have reached that time limit, 99 percent of the families get off of assist-

ance in advance of their time limit. And their period of time on cash assistance has been relatively short.

In my written testimony on page 4, there is a graph that shows money and I hope the colors came out OK, but the point of the graph I think is one that is pretty dramatic. We used 1994 as the base period because that was the base period that you used for the block grant. At that time, 80 percent of the Federal and state money we were spending on this program was being spent on welfare benefits. About \$800 million out of \$1 billion total Federal and state program were going for welfare benefits. Today, welfare benefits are under \$300 million and the total amount of Federal and state money has gone up. So that now, the big ticket items are child care, above the child care block grant levels; work activity supports and things that support a broader variety of working families. So we have really changed from spending money on welfare payments to investing money in things that support work.

The final point I will make, on page 5 of my written testimony is a graph that I think tells the story on Medicaid. Yes, the Medicaid rolls in terms of eligible children did go down, they did not go down as dramatically as children on cash assistance. But one of the things when you see the national media stories, you realize that much of the national picture is based on caseloads where there is a delay in getting those caseload numbers, and a lot of what you are seeing is 1997 or 1998 caseload numbers at the national level. Our experience in Florida was that the decline bottomed out in 1998 and since that time, with screening for Medicaid eligibility with our children's health program, Kidcare, and also with the additional emphasis on Medicaid enrollment, that the number of children receiving Medicaid in Florida has gone up. And I can report to you that today in Florida, there are more children eligible for Medicaid than there were when we implemented welfare reform in 1996.

Thank you.

[The prepared statement follows:]

**Statement of Don Winstead, Welfare Reform Administrator, Florida
Department of Children and Families**

Madam Chairman and Members of the subcommittee, I appreciate the opportunity to provide you with information about Florida's welfare reform activities and our implementation of the Temporary Assistance for Needy Families (TANF) Block Grant. My name is Don Winstead and I am the Welfare Reform Administrator with the Florida Department of Children and Families.

As Judge Kearney indicated, I'm going to address in a little more detail some of the dimensions of the extraordinary change we have seen in the caseload dynamics in cash assistance and some of the conclusions we have drawn from this data.

There are four key points I want to make in the time I have this morning. First, the caseload is much more dynamic than we have thought in the past. Second, many of the fears of the catastrophic effect of placing time limits on the receipt of cash assistance have, at least so far, not turned out to be accurate. Third, I would like to share a little more detail with you about how the use of federal and state funds have changed under TANF. Fourth, I want to share with you some information about transitional benefits and the effect of welfare reform on other programs, particularly Medicaid.

When the Congress considered welfare reform and when the Legislature considered the design of Florida's WAGES program, we thought we had a pretty good knowledge base about the dynamics of welfare dependency. The published work of Bane and Ellwood, the later work of LaDonna Pavetti and the subgroup analysis from a variety of studies by the Manpower Demonstration Research Corporation

(MDRC) provided a pretty good picture of what we might expect from welfare reform. As it turns out, the picture is much more complex.

As Judge Kearney indicated, since October 1996 our overall caseload has dropped from about 200,000 families to about 75,000 families. When we hear these numbers, there's a tendency to think in static terms. If the caseload drops from 200,000 to 75,000 the implicit mental assumption is that 125,000 families have left the welfare rolls. When we examine the data in more detail, however, we find that what actually has happened is that while we started with about 200,000 families, almost 300,000 additional families have come on the rolls for at least one month. This means that almost a half million families have received at least one month of benefits since we implemented our TANF program.

This includes both the WAGES caseload—that is, the families containing one or more adults who are subject to the WAGES work requirement and the time limit—and the so-called, child-only caseload. Under both federal and state law, the child-only cases are not subject to either time limits or work requirements.

When we take the child-only cases out of the mix, we find that we started in October 1996 with about 150,000 families in the WAGES program. Last month, there were fewer than 40,000. A reduction of 75%.

When we do an unduplicated count, we find that about 375,000 families with almost 400,000 participants have gotten benefits under WAGES and that fewer than 40,000 families remain on cash assistance today. This means that almost 90% of the families who have gotten one or more months of WAGES cash assistance are off the caseload.

Taken together, the picture that emerges is one where most families are not long-term recipients. The median length of stay for these families has been about three months and over the 39 month period from October 1996 to December 1999, the median total months of cash assistance has been six months. In other words, if you were looking for the typical WAGES participant, you would find a single mother with two children who receives cash assistance for three months, gets off assistance and, at some point, returns for another three months and then gets off again.

This is not necessarily typical of the families who remain in the WAGES program today. The families remaining today would be more likely to be longer-term recipients. Where the median family who has ever received cash assistance under WAGES has received six months of benefits over the October 1996 to December 1999, the median family on the WAGES caseload in December 1999 has received 19 months of cash assistance.

These patterns of receipt of cash assistance have important implications for the issue of time limitations on benefits. Our time limit, under state law, is shorter than the federal 60-month limit. Most families have a 24-month limit in any 60-month period. Some families start off with a 36-month limit out of any 72-month period. There are various provisions for extensions of the 24-month or 36 month time limit. Overall, there is a 48-month lifetime limit.

When people talked about time limits prior to the passage of welfare reform, the imagery was of the "time limit cliff." It was as if we could have expected the 150,000 families who came under time limits in October 1996 to remain continually on cash assistance and, when they reached their time limit in 24 months or 36 months under state law, to uniformly drop off the caseload.

Florida has as much, if not more experience with time limits as any other state. Under a welfare reform waiver, we implemented the Family Transition Program in early 1994. This was among the first demonstration programs in the country to set a time limit on AFDC recipients. We have well over five years experience with time limits and our experience has been consistent both in the demonstration and in our three years experience with the statewide WAGES program. There is no time-limit cliff—no big point-in-time drop. Rather, over time, most families leave the caseload well in advance of the time limit. The number of families who exhaust their benefits represent a tiny portion of the families who get benefits.

Even with these shorter time limits, we've found that only a small portion of families reach the limit. So far, closures due to time limit have only represented about 1% of the families who could have reached their time limit. Since we have implemented the WAGES program, the Florida Legislature has made several adjustments to the state time limit requirements. Most significant was to exempt families with a severely disabled family member, where the participant is needed to provide personal care, from the time limit entirely. Another significant provision was to allow participants to "earn" up to 12 additional months on their time limit through working. Each month of employment brings an additional month on the time limit.

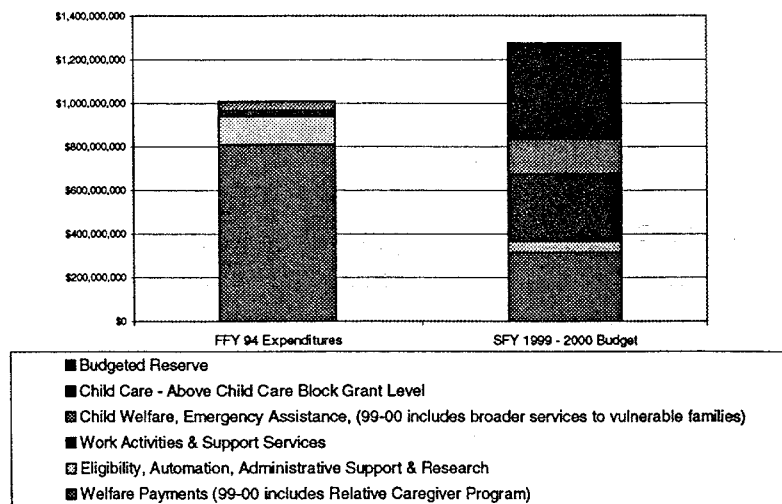
While I would stress that it will probably take several more years for us to be able to fully evaluate the time limit experience, our experience to date is that the catastrophic outcomes predicted have not happened. The presence of time limits has

definitely brought a sense of urgency to the entire program that did not exist prior to time limits.

The final area I would like to discuss is money. Judge Kearney spoke of how we have shifted from spending money on welfare dependency to investing in things that support work. I have included a chart that makes the point.

Page 4

AFDC PROGRAM VS. WAGES Federal and State Funds



The bars on the chart compare our total federal and state expenditures in 1994, the year that was used as the baseline for determining our TANF block grant to the budget in the current state fiscal year. To provide an "apples to apples" comparison, I have not shown the IV-A child care under the old AFDC program that is now part of the Child Care Block Grant. The only child care shown represents real increases in child care expenditures. As you can see, in 1994 we spent the significant majority of funds on welfare payments.

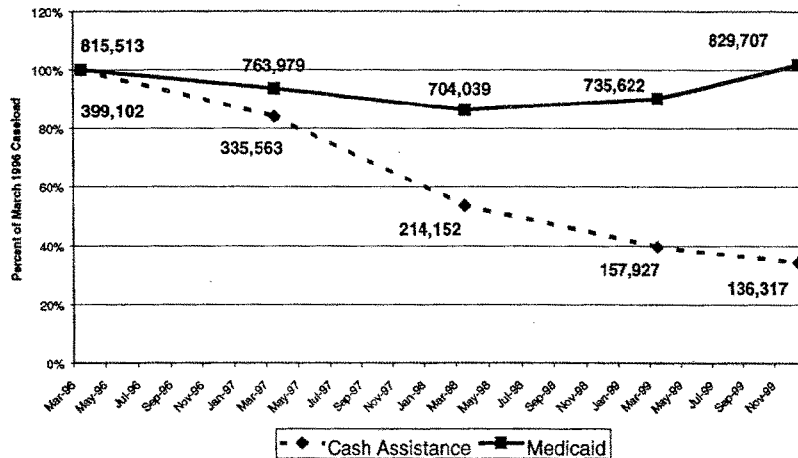
In this year's budget, the funding picture is quite different. Now, work activities, support services, child care and services for vulnerable families take up the bulk of funding. As Judge Kearney said, we have shifted from spending money on welfare dependency to investing in the things that support work.

Before concluding, I would like to share with you some information about Medicaid participation. There have been a number of reports both in the state and nationally that have documented a decline in Medicaid enrollment that has corresponded to the decline in the welfare caseload. Since national caseload data is subject to a considerable lag in time, much of the national data is based on 1997 or, at the latest, 1998 data.

This is a complex issue and renewed efforts at the national, state and local level to make sure all eligible children are enrolled should be a high priority. Governor Bush's proposals to the Florida Legislature in the coming session will include provisions to expand enrollment in Kidcare, our children's health insurance program that includes Medicaid the new Title XXI program. One item to note, however, is that Medicaid enrollment of children is not decreasing in Florida. The decrease halted in 1998 and more recent trends indicate that the number of children on Medicaid has increased while the number of children on cash assistance has continued to drop.

In December 1999, there were more children in Florida eligible for Medicaid than there were in 1996, when we implemented WAGES. The following chart shows the number of children eligible for cash assistance compared to the children eligible for Medicaid.

**Cash Assistance Vs. Medicaid
Eligible Children**



Overall, we have seen a tremendous decline in our cash assistance caseload. The families remaining on welfare are more likely to be working and have significantly higher earnings than was the case in the AFDC program. Only a very small percentage of families have reached the time limits under state law and most families are leaving the rolls well in advance of their time limit. We have invested the savings from caseload reduction in activities that support work and in strengthening our support to some of the most vulnerable families in Florida. While the caseload continues to decline, we have seen an increase in the enrollment of children in Medicaid. I believe that continued emphasis on transitional benefits and supports for working families will be priority areas for the future.

I would be glad to try to address any questions you might have.

Mr. FOLEY. Thank you, Don. And as always the case, your full testimony will be made a part of the permanent record, since this is an official proceeding.

I will first call on the Chair, Ms. Johnson, for questions.

Chairman JOHNSON. Thank you very much for your testimony, it is very helpful.

I am interested in your constant stress on flexibility. The administration has recently issued some new regulations that propose new categories of awards to be added to measure state performance. Is this going to reduce your flexibility, or do you have any concerns about these categories? They are the extent to which states encourage the formation of two-parent families; improvement in enrollments in Medicaid and the children's health program, which apparently you are doing very well on; and the Food Stamp Program. Does this bother you?

Ms. KEARNEY. I will defer to Mr. Winstead but then have comments on it as far as "bother you" and some of the same issues that have seen. We are seeing some challenges. But I will go ahead and let him respond.

Mr. WINSTEAD. I think we would certainly agree with the goals that are reflected in those measures. We want to see the increases

in those areas and the other programs, and we think those are appropriate things to focus on.

I have a little bit of a concern, and it is more of a technical concern than a substantive policy concern. You know, the high performance bonuses that were just released were the first time that we have really had in some of these measures comparable national data or some way to see how are we doing relative to other states. Now we were very pleased with how we came out in some of that, but I think if you are really going to affect performance, you have to measure things consistently over time. And to bring in new measures and to change focus, there is some concern there, are we really going to get the consistency over time that we need to affect some of these programs and is the TANF high performance bonus the place to do it, or are there things in the other programs like give us more flexibility in the Food Stamp Program might be one idea. So I think that is really more of a technical concern. I do think we certainly agree with the goals that are behind those measures and those are high priority goals in Florida.

Chairman JOHNSON. Well, you certainly are a high performance state. I congratulate you on not only your aggressive implementation of the new law, but the degree with which you have been able to integrate it with state policy so that you can complement opportunities you have under welfare reform.

And I was very pleased that the administration took the initiative to do this, because we are trying to find ways to help states focus on things that we think are important without being prescriptive. But as you know, prescriptiveness is small steps down a slippery slope. So I am glad to hear your comments about that and also—as you gain experience—you know, any comments you would have on how we should change the Federal law to give you more flexibility and how we might need to complement that to assure accountability.

Judge Kearney.

Ms. KEARNEY. Madam Chair, basically one of the concerns that we have regarding flexibility and where again your leadership would be key, as you saw today here in the one stop center, the fact that it is one stop and that they are trying very much to have it client or customer focused rather than program focused, so that there is a true integration of services so even though there are many agencies and entities here that are providing this service, it is seamless to the customer that is coming in.

One of the things that we are seeing here is that as we are implementing, there are concerns, there are different requirements, as you heard this morning, from Ken Montgomery. There are different requirements for food stamps versus the TANF funds, cash assistance funds. And so we really would request that that flexibility be to tear down those barriers so that we can truly develop a one stop program. We in Florida are trying to integrate our entire human services delivery system to develop a true system of care delivery that takes down those artificial barriers. And so we would ask for flexibility in order to do that.

Chairman JOHNSON. Let me mention two things briefly. I have asked Ken Montgomery of the Workforce Development Board to provide us with the study that they did of eligibility criteria and

the problems that it created for them. And then what their solution was. I invite you to do the same on the state level because we are finding that the diversion of dollars into these kinds of administrative gains is very destructive and naturally we are concerned with cutting people out of access to a benefit, and so I would be interested in any recommendations you have of parameters. We might want to give states some flexibility and just set some parameters. So we are very interested in that and would appreciate your comments on that.

Lastly, also let me say that I am very interested in state flexibility—and my state is one of the states that has a waiver to create the same kind of flexibility for foster care services. Right now, Federal policy rewards taking a child out of their home and disadvantages a state that tries to keep a child in their home—this is a different subject than this hearing is held on, but since you have had such a remarkable level of experience, if you would think about this and talk with my staff director, Ron Haskins, and get back to us with your thoughts. I am very committed ultimately to greater flexibility and am working also with people in the administration on this. We have had some comments. There are some big problems here, but your thoughts over the course of the next few months would be very helpful to us.

Thank you, Mr. Chairman.

Mr. FOLEY. Thank you. Mr. Cardin.

Mr. CARDIN. Thank you, Mr. Chairman.

Once again, I am impressed by your testimony. I was impressed when you were in Washington and we thank you very much for adding to today's hearing.

I agree with Ms. Johnson on flexibility. That decision has been made in Washington, we want to grant maximum flexibility to the states in managing our welfare reform programs, but you raise a good issue about how do we judge accountability and any help you could be in that regard would certainly be appreciated, as to how we can, without interfering with the flexibility that you need, establish national goals or national standards to judge the states' performance under welfare reform.

I have I guess one question I would like your observation on. Don, you mentioned that there were 400,000 people I think that went onto the cash assistance over the last three, three and a half years, of which 350,000 it looks like have come off and there are 50,000 on today.

Mr. WINSTEAD. Right.

Mr. CARDIN. Do you know where these people are? Are most of them working? Do we know what percentage are working, do we know whether they continue to be employed? What happens to those who are not employed? Do we have any sense of what the—I guess the demographics of this looks like?

Mr. WINSTEAD. Yes, sir, we do. And I think the way you characterized it is exactly what we have as a sense of that. Like many other state, Florida has conducted a survey of families who have left cash assistance. We did this through a consortium of state universities that have been working with us on research issues, and Florida State University in Tallahassee took the lead on this survey, did a survey, randomly selected, of families who had left as-

sistance. What they found—and I should also repeat that or say that they are going to repeat that and have further studies in the works, part of which will be funded by the research grants that you put in the TANF law that gave states incentives for that. So thank you for that.

In the Lever survey, they found that about 60 percent of the families who had left assistance reported that they did so because of employment and that about an additional 15 percent when surveyed were subsequently working, so the total was about 75 percent.

Mr. CARDIN. But is there any information as to how long they stayed employed? Was this somewhat permanent, or we just do not have information on that?

Mr. WINSTEAD. We have, again, some information on that. One thing that we have just gotten with the high performance bonus, Florida was just awarded \$6.8 million in high performance bonus, and you recall that there were two categories of measures there. One was employment entries which we thought we would do very good on, which we were not awarded money on that. The other was job success measures which had to do with earnings, gains in job retention, and Florida was in the top ten in the absolute measure there, and number one in the nation in improvement in earnings gains and retention.

Mr. CARDIN. How do you deal with that—that is wonderful, but how do you deal with retention and keeping people employed? What is your strategy?

Mr. WINSTEAD. I think our most important strategy is the same strategy you followed in welfare reform, which is where you devolved it to the states. We know that our local communities are in the best posture to do that and as you heard downstairs, of course, the local wages coalition which in this area is the Work force Development Board, so those systems are integrated, develops their local plans, develops their local activities. And you heard downstairs about follow-up, an 800 number 24 hours a day, 7 days a week of people being able to receive support services for 2 years after they leave assistance, case managers being in contact. I think all of those are important elements to really getting at that, which I think is really the new challenge of welfare reform.

In today's economy, thankfully, you know, finding a job today is not the tough part. It is keeping the job and building stability and working up the ladder, is the real challenge.

Mr. CARDIN. How about the remaining 25 percent, those 25 percent that did not leave or become employed after they left?

Mr. WINSTEAD. There a variety of things. Some people had changes in their family situation, they were living with someone who was employed, they had children that got other benefits such as SSI or other things. We found when we got down to the number that did not comply and left and were sanctioned, it was actually about eight percent, but in most cases there were other changes in family circumstances and in some cases, the answer also is we do not know. Some people have said that is not your business. So there is a certain unknown element there.

Mr. CARDIN. Judge.

Ms. KEARNEY. I think it is critical, as you saw our emphasis on the support services, in making sure that child care was available, making sure that transportation services were available, because that would help people to be—feel comfortable to continue to work, whereas if you do not have those support services in place, you may have someone just working for a short period of time that would then say I am so concerned about my child, I would rather stay home and be there to make sure my child is safe. So I think a key to our success is our ability to use the funds for that purpose. That is why I would strongly encourage, again, your leadership to not have those funds—while we decreased the welfare rolls, those funds we have used in creative ways in order to maximize the service to those that are there to help with the more difficult to serve population.

Mr. CARDIN. Thank you. Thank you, Mr. Chairman.

Mr. FOLEY. Thank you, Mr. Cardin. Mr. Shaw.

Mr. SHAW. Thank you, Mr. Chairman, I will be brief, I will not take my full 5 minutes.

I would like to go back and, Don, refer back to the chart that you supplied to us, just make reference to it, because it shows, I think, the most encouraging thing about how we change the entire system. We are taking these dollars and we are putting it into things that attack the causes of poverty and put the cure in.

Of course, we are concerned that people do not suffer while in poverty, but the old way was just simply to make people comfortable in a life of poverty. That is what we have changed about the whole culture and I want to speak just briefly on the flexibility issues, because this was very important. The Ranking Member, Mr. Cardin, was Speaker of the House of Delegates in Maryland; Nancy Johnson, the Chairman, comes out of state government. I see Sharon Merchant in the back of the room, who is also very much concerned about this area, and particularly the funding level. And this is something that we have to fight for every year. And that is that we do not turn our success into a problem of funding because the people that you get down to, once you get past that 50 percent, you are getting into a population that is very, very difficult to place. And we need to spend more money in those areas in order to be sure that those people also have a second chance at life. I think that is tremendously important, and I know all of us up here have constantly worked to maintain that funding.

When you look at the chart that was up on the board here behind me during Mr. Foley's opening statement, you saw that we were spending a lot more on each person that is in the system, and that is important. It is as much—just from the standpoint of getting rid of the problem and funding somebody, it is much cheaper just to make them comfortable where they are than investing in them, and this is what welfare reform does, it invests in people and invests in the people that are from an economic and education standpoint, are disadvantaged, but that does not mean that you should walk away from them, that does not mean that you should not have faith in their ability to make it. And that is exactly what welfare reform has done.

And the flexibility factor is so important. We even put flexibility in the law in that states can actually apply the law in different

parts of the states. Right here in Palm Beach County, we have a huge problem over around the lake, people always equate Palm Beach County as the eastern side. There is a western side of Palm Beach County, which needs, desperately needs help. And from the standpoint—I mean it is just major poverty over in that area that has to be addressed. So somebody should get a job on the east side much quicker than on the west side, and that flexibility is in the law and hopefully Florida is using it to the utmost.

I want to congratulate both of you. I know, Kathleen, I worked with you early on in foster care, I was very impressed with the way you took the foster care program in Broward County to task. Your soft appearance and soft voice disappeared in dealing with that problem and you certainly have done a tremendous service for the kids. And that is terribly important and I congratulate you for it. And I cannot think of anybody in the state of Florida who is better off in a position as you are—or the state is better off having you in that position. It is wonderful to see that selections are made that way. Of course, being a judge, you were not involved in the politics anyway, so he did it strictly on merit, and I congratulate you and I congratulate the Governor for appointing you.

And I yield back my time.

Ms. KEARNEY. Thank you.

Mr. FOLEY. Thank you. And let me thank my colleague, Congressman Shaw, on behalf of myself and Alcee Hastings who represents the glades area. I always like to remember our families there as well and they are an important part of this county and I acknowledge and appreciate that.

One of the things I have learned in my last couple of years and most recently spent some time at Palm Tran and Tri Rail and some of our transportation infrastructure. Sometimes I feel like you cannot get there from here no matter how desperately you try. Tri Rail is a good system, but it is about seven or eight dollars, so the likelihood of taking that as a means of getting to a job becomes diminished based on that. The bus network of course is getting better, but it is still inconsistent as far as time. Will I get to my job on time.

What have you discovered in Florida, at least from a state level and maybe some counties in particular, where the transportation or new transportation models have been used to get people to the workplace?

Mr. WINSTEAD. There are several things with transportation, and I think transportation is one of the real challenges because unlike child care where we have an existing infrastructure really to provide that support, in some cases the infrastructure is there in transportation and in some cases not. But I think there are a variety of things that have been done around the state. Our local WAGES coalitions and the legislature has also created some new tools. Several transportation pilot projects are in the budget, they have also given the ability to provide automobiles. Now some of that has gotten a little bogged down in liability issues being worked out. But local coalitions have broad flexibility in using the funding that they have on transportation. In some cases though, it is a real strategic kind of challenge because it is a matter of not only having resources, but building the infrastructure and the

mechanisms. But I think everything—when we go around the state, everything from using zip code mapping to plot out where people work, where bus routes run, where jobs are, where child care centers are, doing a lot of that analysis and then seeing—in some cases, they have gotten transit systems to change bus lines, to add bus lines later in the evening on weekends, change the holiday schedules. Van pooling, working with employers to underwrite the cost of vans in some locations has been successful as well as looking at a variety of things around private vehicles.

So there is an awful lot going on in transportation and an awful lot more to be done.

Mr. FOLEY. Judge, do you have any—

Ms. KEARNEY. This has been an issue that, again, as Don indicated, our main concern at this point is building capacity in infrastructure in many of our communities and this is an issue that we are aware of and we are certainly not only looking at it in terms of what currently is available but doing the research project and the WAGES Board, on which I serve as a member, is very concerned about this issue and has set aside specific funds to look at this issue to help local communities in building that capacity.

Mr. FOLEY. I would sure like to look for a way, because I know in some cities you have cards that are given to people which may have disabilities or they may be senior citizens, for you to have reduced fare or no fare, to get them started. Because again, if you cannot get there, the job does not matter.

Ms. Johnson.

Chairman JOHNSON. I just wanted to inquire whether or not you had looked into using some of the senior buses that we provide to communities, and some of the other transportation equipment that is federally funded to communities, particularly for after hours transportation, which is the hardest to get and the very time when those buses are idle, weekends and nights.

So if you develop any of those projects, we need to know about it. We need to do a better job of marketing solutions throughout the states where creative things are done. So far, I have not seen any community that has actually developed this program, although one state is doing an interesting job with leasing cars. In Connecticut, we have done this because there is a big employment center in one of the Indian casinos, and so we are a small state and almost anyone can get there. And that has had some very interesting possibilities for us.

But the re-use of facilities that are already federally funded is something that we need to do a better job of.

Ms. KEARNEY. We have a number of different programs that the local WAGES coalitions have done and we would be glad to submit that information to you for your consideration.

Chairman JOHNSON. That would be helpful, thank you.

Mr. FOLEY. Here is the question I am supposed to ask, but I really want to ask my own. It basically goes to the 5-year time limit and it has created a sense of urgency and it is a positive light that we have that time limit. I guess what I am concerned about, we are not there at 5 years yet, what are you sensing from what has happened today, because economics we cannot figure out what will it be like in 20 years, and if somebody has used up three to 4 years

of their current benefits, what happens to those people if the economy turns down and all of this great experience is negated?

Mr. WINSTEAD. We, of course, have some 5-year experience but of course we have a two and a 3-year time limit, so we have many, many people in Florida, who theoretically could have reached their time limit and a very small number of people who actually have. Of course, in our Family Transition Program, the program that began as a demonstration program under waiver, we began enrolling people in time-limited benefit tracks in early 1994, so we are actually 5 years plus in there. Again, we found that very, very few families actually reached the time limit, that most people get off the time limit well in advance. But we have found that having time limits—you used the term “sense of urgency” and I think that really describes it not only for participants in the program, but for case managers, counselors, the people working in the program, administrators, everyone I think feels that sense of urgency and I think that has been really important to keep focused because this is not a situation where we can all sit back and hope it goes well. There need to be actions taken every day to help people move through the program. And to have people, as sometimes happened under the old AFDC Program, to go into activities where they just sat and really did not do anything and did not progress, that is not an option any more. And I think the time limit has really underscored that.

The other thing that is part of that and one of the things we have done in Florida is since our time limits are shorter, we actually have more flexibility with exceptions to them and can put in some additional rules. And one of the rules the Florida legislature put in was that if you work, you can an additional month on your time limit, up to 12 additional months, as an additional incentive to work. Pair that with the fact that we changed the earnings disregard—if you are familiar with the kind of nuclear physics of the old AFDC Program, bottom line, people who go to work can get off of welfare slower actually, can keep more money. As a consequence of that, back in 1996 when we started the program with 150,000 adults collectively had gross earnings of \$3.2 million. In December of this year, 40,000 adults remaining on assistance—and these are the ones still on welfare—had collectively \$5.3 million in earnings. So we have many more people who are earning their way off of welfare, which gives them more money as they begin their employment to kind of overcome that very difficult transitional period.

Mr. FOLEY. And I think that is probably one of the bright spots of welfare reform, is that you are actually encouraging work while you are not denying benefits entirely.

Mr. WINSTEAD. Right.

Mr. FOLEY. Let me thank you both for traveling to our area and I appreciate your leadership. I am proud that Florida is recognized among the 50 states as the top to integrate and implement the welfare reform system and also come up with novel approaches to make a successful formula and successful transition. So I appreciate you both being here.

Mr. WINSTEAD. Thank you very much.

Mr. FOLEY. Let me ask the next group to come up. we will have Dr. Harold Calvin Ray, Marvin Tanck, William Pruitt, Gerald Mil-

ler, Corletta Clay and Lucy Bisignano. I know we have a video, I think it is probably ready.

Okay, our first presenter is Dr. Harold Calvin Ray, chief executive officer and President, Redemptive Life, West Palm Beach, Florida. Welcome, Doctor.

STATEMENT OF BISHOP HAROLD CALVIN RAY, SENIOR PASTOR AND FOUNDER, REDEMPTIVE LIFE FELLOWSHIP, WEST PALM BEACH, FLORIDA; AND FOUNDER AND CHIEF EXECUTIVE OFFICER, NATIONAL CENTER FOR FAITH BASED INITIATIVE

Mr. RAY. Thank you very much and good afternoon to Chair Madam Johnson, to Ranking Member Cardin and to our own Congressman, Mr. Foley.

Since our inception as a ministry in 1991, we have focused upon our articulated mission of educating and empowering individuals to improve their quality of life, primarily through self responsibility paradigms. We believe that spiritual revelation must be matched by practical implementation, and accordingly we birthed during that time over 300 practical outreaches and local initiatives that have been primarily targeted at enhancing the capacity of our community residents to improve their own qualities of life, both corporately and individually.

That includes, of course, as a human resource concern, those that not only have been subjected to the degrading issues of dependence upon welfare, but more often in our own communities those issues of drugs and alcoholism that, as you know, are equally as debilitating, and changing these paradigms into individuals that are living now self-sustaining and enterprising as men and women of destiny.

Locally, I think that it is very important that we never discount—and I am sure you do not—the importance of faith-based initiatives in grassroots community-based organizations that are doing a tremendous job. And of course, their task has been expedited somewhat by the mandate of welfare reform and in my opinion, a welcome mandate.

Particularly in our own structure, we have formed a tri-corporate infrastructure that is both a 501(c)(3) organization, the primary church, as well as a 501(c)(3) community development corporation, and then supplemented that with a for-profit corporate existence that has birthed some 14 entrepreneurial endeavors that in turn has trained or served as apprentice situses for over 400 individuals, many of whom are young persons that are now second generation at least welfare dependency or on the track for that, without this intervention.

We have done this and we have provided the Committee with some of the exhibits and tools that we have used, from our travel training school to our own store in the Palm Beach Mall, which is now franchised in 11 different situses throughout the nation that in an of themselves have trained hundreds of individuals, to our merchandising and communication venues such as in radio and telecommunications industries, which have been particularly appealing to young people.

Our training and development and skills enhancement has included everything from the computer-based modules to enhancing their ability to participate upon the super-information highway which, as we all know, is literally a prerequisite almost to maintaining the status quo and then progressing in our society.

If I could, I would like to, simply in the short time that I have and those few points that I have outlined, say to you that if I were to—and looking at it from a grassroots perspective—say where do we go from here as we are looking at the next phase of this and the next great frontier, I have outlined it as follows:

I believe that as a human resource issue, we have to move beyond merely a work force development and welfare to work initiative to considering a lifestyle development as a mandated paradigm. In short, I believe that in our communities—and it has already been alluded to in several instances today—that we have to look at the creation, the accumulation, the allocation and the preservation of wealth or proper financial management as something that the time has come, we must give paramount attention to.

We have persons getting into the work force, but we have many of them that are still left at the bottom rung of that ladder. And it will take a strong intervention of teaching of self-actualization, of savings, of investment and transference. Part of this is going to have to be done, quite frankly, by some sort of monitoring and assessment of reinvestment policies and practices, not only by the corporate world—I have heard several of you comment on what is the accountability factor for the state initiative as well. I think that is going to be very important because one of the key ingredients is not only how we match the resource pool to the available jobs, which in Palm Beach County is an ill match at the present time, which is why the transportation issue is very paramount; but moreover, how do we spur entrepreneurial abilities, how do we spur localized economies with that reinvestment and where that entrepreneurial spirit can take place right within the confines of our own community, which will enhance self-esteem, create a greater product environment and change our persons that are literally trapped many times in these indices from a consumer mindset to a producer mindset.

The last point would be that I believe that there needs to be now strong intervention, as I said earlier, to the access to the super-information highway, because every day that is now creating socioeconomic gap widening because of the introduction of a global economy and the nexus of any type of meaningful lifestyle existence in our local communities, to being able to at least understand, if not relate to, or understand how they are impacted by the global economy, which is now literally impeding upon all of our lifestyles one way or another.

Here in this county, and as I am sure duplicated throughout the nation, there are hundreds of tremendous faith-based initiatives which we are working every day to bring to a stronger collaborative effort, to the degree that can be supported, to the degree that can be encouraged, we do certainly encourage that. We believe that the collaboration of faith-based initiatives taken together with affirmative partnership with our state will make a meaningful difference in our society.

Mr. FOLEY. Thank you.

We are first going to play a tape that really moved me about a year and a half ago, I believe Channel 5 in one of their early morning segments, I was up at 6 watching TV, and Channel 5 I think has Postcards from Paradise, and this particular segment dealt with Bishop Ray's church and what it did to me was really blow away every stereotype everyone has about welfare. Traditionally, people automatically think about welfare mothers, they think about minorities, they think about deadbeat dads, they have negative connotations about everyone. And what I saw in this tape really brought to light that everybody is working cooperatively for everyone in this particular tape. If you would run it. I hope most of you can see it.

[Videotape played.]

Mr. FOLEY. That is powerful, very powerful. And that kind of work is going on in our community. That was a single father raising his child, accepting responsibility, a predominantly African-American church welcoming in a young fellow and his family with tuition-free education, to get them a start in their life.

After that piece aired, I believe there was individuals who donated a car for that man.

Mr. RAY. That is right.

Mr. FOLEY. And I just want to commend you, it is a beautiful story.

[Applause.]

Mr. FOLEY. Our next presenter, Marvin Tanck—and I am quite familiar with Marvin, I was Chairman of Gulfstream Goodwill Industries, and when I first joined the Board, we would spend about 50 minutes of our lunch hour board meetings talking about running thrift stores and about five minutes maybe, if time allowed, talking about the clients we were supposed to be there to serve, 55 minutes to the profit motivation.

We brought Marvin down from Maine, he had a background in disability vocational training. He turned us around. We started with 50 minutes of client needs and a five minute report on the finances in which we could help develop clients.

During my term, I think we had 57 when I first joined the Board, I think Marvin told me, 1500 clients now?

Mr. TANCK. Four thousand.

Mr. FOLEY. Four thousand clients. So I welcome Marvin as the new President/CEO of Goodwill Industries.

STATEMENT OF MARVIN A. TANCK, PRESIDENT AND CHIEF EXECUTIVE OFFICER, GULFSTREAM GOODWILL INDUSTRIES, INC., WEST PALM BEACH, FLORIDA

Mr. TANCK. Thank you, Mark. Chairwoman Johnson, Congressman Cardin and Congress Foley and former Board Chair, my name is Marv Tank and I am the President of Gulfstream Goodwill Industries located here in West Palm Beach, Florida. Our mission of our community-based, not-for-profit organization is to assist persons with disabilities and other economic disadvantages to become an integral part of the local work force and lead independent lives. Gulfstream Goodwill Industries is a subcontractor to Lockheed Martin IMS, the direct service provider to welfare-to-work services

here in Palm Beach County. We provide vocational assessment services, as you saw downstairs earlier this afternoon, to all the program participants of Palm Beach County Work force Development Board, at each of their one-stop locations. I also hold a seat on the Palm Beach County Work force Development Board representing organizations that serve persons with disabilities.

I was asked by Congressman Foley's office to speak to the reasons by I thought our Work force Development Board was successful and also to address unmet needs as we saw it in our county.

From my vantage point, I can honestly attest to the success of welfare reform, as you saw today, and I am sure you will agree with me. I believe the success can be attributed to the following key factors:

First, a Workforce Development Board that is diverse, committed, visionary. A board that gives unselfishly of their time, who puts the needs of the consumer first and not only wants, but always expects to do more.

We are successful because Palm Beach County's Work force Development Board staff hold those same virtues and set those same high standards for themselves as the Board.

I strongly feel performance-based contracting is a major influence in our county's success, a process that clearly identifies the outcome that is expected in order for the contractor and subcontractor to receive payment for their services.

Finally, success is due to the hard efforts by the direct service provider, its partners and/or subcontractors and a host of community organizations and volunteers who provide education, training, remediation, assessment, job placement, and competent input regarding service needs specific to our community.

There are many others who I have not mentioned who played a role in welfare reform in Palm Beach County and its success. There had to be, how else could the welfare rolls in our county numbering approximately 5600 individuals in late 1996 be reduced to approximately 1300 here in our county today. Our educational and business communities have certainly influenced Palm Beach County's success.

For welfare reform to continue to work and be successful, I strongly suggest to you that the majority of the individuals remaining on the welfare rolls today have service needs quite different than those who have already achieved their successful outcomes. Many individuals who remain on today's welfare rolls face multiple barriers to employment. In order to assure continued success, legislation needs to address and provide for the following: And the data that I used to come up with these areas is taken from our assessments, as you saw downstairs in the assessment center looking at individual service needs.

1. Additional time and resources to remediate the multiple barriers to employment. To address such issues as, but not limited to, lack of or absolutely no work experience, remedial education, mental health and substance abuse issues, financial planning, credit counseling, supportive housing and other legal type issues.

2. The addition and/or expansion of comprehensive case management services to assure the coordination and followthrough in such

critical areas of medical services, child support, child care, housing, parenting skills and personal adjustment.

3. Career enhancement and related supports that facilitate and support ongoing training for the thousands of individuals who have secured employment and moved from the welfare rolls to now the working poor rolls. The future welfare reform program needs to elevate skills and earnings in order for individuals and families to achieve full and long lasting vocational and economic independence for all graduates.

And finally, a public transportation system that can support those riders who work non-traditional hours, weekends and nights.

Thank you.

Mr. FOLEY. Thank you very much, Marvin.

Our next speaker—you timed that perfectly.

[Laughter.]

[The prepared statement follows:]

**Statement of Marvin A. Tanck, President & Chief Executive Officer,
Gulfstream Goodwill Industries, Inc., West Palm Beach, Florida**

Chairwoman Johnson, Committee Members, My name is Marvin Tanck and I am the President of Gulfstream Goodwill Industries, Inc. located in West Palm Beach, Florida. The mission of our community-based, not-for-profit organization is, "to assist persons with disabilities and economic disadvantages to become an integral part of the local workforce and to lead independent lives." Gulfstream Goodwill Industries, Inc. is a sub-contractor to Lockheed Martin IMS, the direct service provider of welfare-to-work services here in Palm Beach County. We provide vocational assessment services to program participants of the Palm Beach County Workforce Development Board at each one-stop location. I also hold a seat on the Palm Beach County Workforce Development Board.

From my vantage point I can honestly attest to the success of welfare reform here within our county. I believe the success can be attributed to the following key factors:

- First a Workforce Development Board that is diverse, committed, and visionary. A board that gives unselfishly of their time who always put the needs of the consumer first and not only wants, but expects to do more.
- Palm Beach County's success is a result of the Workforce Development staff who hold the same high standard and traits as those of the board.
- I strongly feel performance based contracting is a major influence in our county's success, a process that *clearly* identifies the outcome that is expected for the consumer in order to receive payment for services by the contractor and subcontractors.
- Finally, success is due to the hard efforts by the direct service provider, its partners and/or sub-contractors and a host of community organizations and volunteers who provide education, training, remediation, assessment, job placement and competent input regarding service needs specific to our community.

There are others who I have not mentioned who played a role in welfare reform in Palm Beach County. There had to be, how else could the welfare roles numbering approximately 5,600 individuals in late 1996 be reduced to approximately 1,382 currently here in Palm Beach County.

For welfare reform to continue to work and be successful, I strongly suggest to you, Congresswoman Johnson and Committee Members that the majority of individuals remaining on the welfare roles today have service needs *quite different* than those who have achieved their successful outcomes. Many individuals who remain on today's roles face multiple barriers to employment. In order to assure continued success, legislation needs to address and provide for the following:

1. Additional time and resources to remediate the multiple barriers to employment. To address such issues as, but not limited to; lack of or no work experience, remedial education, mental health/substance abuse issues, financial planning/credit counseling, supportive housing the legal issues.

2. The addition and/or expansion of comprehensive case management services to assure the coordination and follow-through in such critical areas of medical services, child support, child care, housing, parenting skills and personal adjustment.

3. Career enhancement and related supports that facilitate and support on-going training for the thousands of individuals who have secured employment and moved

from the welfare rolls to now the working poor rolls. The future welfare reform program needs to elevate skills and earnings in order for individuals and families to achieve full and long lasting vocational and economic independence for its graduates.

4. Finally, a public transportation system that can support those riders who work night and weekends.

I Thank You for the opportunity to present my observations regarding welfare reform to you and your subcommittee today.

Mr. FOLEY. Bill Pruitt is the Chairman of the Palm Beach Workforce Development Board and I welcome him, and also he has been to Washington several times to make sure we up there get it right. Thank you for your input.

STATEMENT OF WILLIAM E. PRUITT, JR., CHAIRMAN, PALM BEACH WORKFORCE DEVELOPMENT BOARD, WEST PALM BEACH, FLORIDA

Mr. PRUITT. Thank you, Congressman. I appreciate you coming down here to seek our perspective on the local level.

And as flexibility has been a little bit of the program today, I had the flexibility of having heard some of the other presenters, so I am going to deviate a little bit from my prepared statement, as I was told I could do.

But first of all, I wanted to let you know a little bit about our Board. We are a combined WEA, WAGES and Workforce Development Board. Gives us a little heartburn during nomination time to make sure we comply with each of the requirements of those three different Acts, but we have managed to do it. To give you some sense of what our Board makeup is, we have the Regional Administrator-Jobs and Benefits, the District Administrator of Children and Families, an Urban League representative, the Community College President, School Board Superintendent, several representatives of private educational institutions in the area, a WAGES participant. We amended our bylaws to include someone who has gone through this program from the other side, to advise us on what it is like. Representatives of organized labor, the County commission Chairperson and 19 representatives of the business community, which is a majority and which is required by statute. We have been very lucky here, we have had cooperative partners. All of those people, the business community, the college, the school board, the Department of Labor and Children and Families have worked very well with us. It has not always been perfect, we have bumped along and butted heads on occasion, but all of those people, all of those agencies have helped us achieve the successes that we have achieved so far and a level of success that we are very proud of. And that is why we wanted to show you what we have here today.

But continued flexibility is important to allow us to think outside the box, to go beyond the boundaries of what normal welfare has meant and to explore other opportunities. Now we have placed a strong emphasis on business in this particular Board and through that, we strive to see the welfare customers as customers, as individuals, not as cases. And we try to serve that individual to im-

prove that individual to fit them into a job. But we also see the business community as a customer that we have to serve and recognize the needs of that community and react to the needs of that community.

We have been active and through private sector management practices, continuous process improvement and results oriented and mission driven systems, we have changed the culture of welfare I think in this community. We are hoping to continue to inspire the business community to return to the table and to be a partner in this development because we recognize that that is where our product, the people we are trying to help, go.

We here have gone from 5600 people on the rolls to 1350 currently. We are very proud of that. But our success is not going to be measured in that. Our success will be measured by the faces that were in that video and where they end up when they are of age. That is our focus.

With regard to some of the questions asked by the panel, we have partnered with the McArthur Foundation, Florida-Atlantic University and Department of Children and Families is also helping us fund this survey to be conducted by Florida-Atlantic University on the impact of welfare reform on children in Palm Beach County. We look forward to getting that information back so that we can react and move forward, hopefully in the right direction.

With regard to funding—I think one of you all had a question with regard to funding—we bonus our Executive Director if he finds outside funding, that is part of his incentive package. And we set goals for him and we make sure—

Mr. FOLEY. He is squirming back there.

Mr. PRUITT. He had better be. We have created an intake system, common intake system, and Sharon Merchant was instrumental in helping us get the funds for that and I again want to thank her publicly for that.

But if there is anything you can do, the interest you have expressed in flexibility in the eligibility would be a great help to us. It is not fair to the participant, it is not fair to the provider to make them go through all these different hurdles. There should be one intake, you are in; now how can we help you, and let us study it and see what we can do and where we can take you.

If you could go back and eliminate the duplication, we would be most appreciative. Continue to provide us that flexibility so that we can serve our constituency here.

Thank you.

[The prepared statement and an attachment follow:]

**Statement of William E. Pruitt, Jr., Chairman, Palm Beach Workforce
Development Board, West Palm Beach, Florida**

Good morning madam chair, distinguished members of the Congressional Panel and Secretary Kearney.

Welcome to Palm Beach County—one of the first sites to privatize the delivery of Welfare Programs at the local level. Our county is a 2,045 square mile microcosm of our country. From east to west, from the Atlantic Beaches to the shores of Lake Okeechobee, there is virtually every economic level and multiple cultural experience, from passive income on the beach to migrant farm labor in the west. Over the last two years, we have reduced our rolls from 5,600 welfare recipients to less than 1,350.

The success of Welfare Reform is certainly not limited to those who have left public assistance over the last several years of this venture. Success will be measured in 15 to 20 years when their dependents can avoid welfare as a way of life.

The unavailability of good child care and reliable transportation present barriers not only to welfare recipients, but also to many individuals who wish to work but have not been able to obtain full time or better paying employment because of these barriers. We have also learned that many agencies use different criteria to establish eligibility for various programs.

One recommendation, which we ask you to consider, is to develop a single set of criteria of eligibility for all programs—Tanf, Food Stamps, and Housing. This would minimize the amount of dollars that are spent for eligibility, thus freeing those dollars for services. Further, you could reconsider the matching requirements of welfare to work. It simply adds additional criteria for further eligibility review. This is more counterproductive than productive to both provider and recipient. If our one stop centers are to be successful, eligibility should be streamlined and should be identical for all programs where income level is an eligibility requirement.

If the first step is to secure employment, then the second step, which is of equal importance, is to retain that job.

In order to address the problem of recidivism, we must look at the potential causes. Sometimes it is a matter of a lack of reliable or affordable transportation and child care. Sometimes it is the lack of a proper Educational Foundation. Sometimes it is a communication or cultural barrier between the individual and his/her new supervisor, which results in the individual's termination. The outcome can result in depression and a return to the previous way of life.

We know that we have a great economy, we know that entry level jobs abound throughout various industries and we know that employers are expanding their businesses. We know that new jobs are requiring higher skill sets, better communication and better writing skills. This information was affirmed by approximately 5,000 employers in our own market through our "Survey 2000." This survey also identified employers willing to hire appropriately skilled welfare recipients. On the other side of the issue, we know that many W-A-G-E-S participants lack good communication skills. They lack proper education and they lack technical skills. We must provide the business community with an individual who has these skills.

We have now shown that transforming people from welfare to work can be achieved. Now we must work on Educational skill attainment and job skill development to ensure that job growth and continuation of employment is achieved. In our own county, 62% of the W-A-G-E-S participants whom we have served lack a high school diploma or G-E-D.

We must minimize recidivism by providing continuing educational opportunities for individuals who participate in the W-A-G-E-S Program.

The current workforce philosophy is *work first*. finding a job is the first and primary expected outcome. However, minimizing the loss of job after job and focusing on job growth and increased wages requires that we be able to be more flexible in providing literacy training, G-E-D preparation and other basic skills at non-traditional times. If we review the reports issued by the state wages board, we find that many of the jobs these individuals receive are part time and at a wage of only \$6.00 to \$7.00 per hour. However, it is during this period of part time employment that offers the greatest opportunity for us to provide Educational Development, skill development and continuous support through case management. For this reason, we have made literacy labs including G-E-D, available in each of our service centers. Yet we still find W-A-G-E-S recipients reluctant to avail themselves of these services.

In attempting to determine the impact of recidivism, we discovered that the information kept by The Department of Children and Families, Job Services AND Lockheed Martin, our contractor, was meant to meet Federal reporting requirements, but was not conducive for local decision making and management purposes. Thus in 1998, we developed a written survey that was directly mailed to those 5,600 enrolled wages participants from 1996, in order to collect the data needed. We sent two mailings and made numerous follow-up telephone calls. Nearly 47% reported that they were employed, working approximately 33.5 hours per week at an average wage of \$7.07 per hour. This results in an average gross weekly wage of \$236.85 or \$12,315.94 per year. Our board has not been able to accept this as an outcome for satisfactory self-sufficiency. Of course, self-sufficiency is accomplished on an individual basis, however, in our community, we have benchmarked self-sufficiency at 200% of the poverty level or roughly \$25,000.00 for a family of two.

Overall, the responses indicated an extremely low utilization of the available services. This may be a reflection of the *work first* philosophy that encourages W-A-G-E-S participants to secure employment before applying for additional assistance. Many who secure employment never return for additional available services. This

reflects a lack of long term planning and ultimately limits their income potential. Alternatively, participants may be unaware of the services that are available to them. This is strongly indicated in participant responses to the opening survey question.

This year we created a coupon booklet containing all services provided. This will be given to each W-A-G-E-S participant to ensure that they will be knowledgeable of the services in very clear terms and be able to tear out the coupons to access specific services. Further, we established a W-A-G-E-S help line that is monitored by a local provider, Crisis Management Services, and which is available to W-A-G-E-S participants and all customers 24 hours per day, seven days a week.

To better address this issue, we contracted with our W-A-G-E-S direct provider, Lockheed Martin IMS, who agreed to extend their benchmarks for payment to include 360 days. The incentive, therefore, is for Lockheed Martin to devise better ways to ensure that transition and retention is higher thereby reducing recidivism. This experimental extension has just become operational this past July 1999.

We are also participating with the Children's Services Council, The MacArthur Foundation and The Department Children and Families in funding a survey conducted by Florida Atlantic University on the "Impact of Welfare Reform on Children in Palm Beach County." The study will be completed within the next several months. From the information gathered through this survey, we hope to take the next step in the continuous process of improvement.

In Palm Beach County, we have been blessed with cooperative partners. The Department of Labor, The Department of Children and Families, the School Board, Palm Beach Community College, The Business Development Board, The Business Community and Lockheed Martin IMS, together with many others have enabled us to achieve a level of success in this county with regard to Welfare Reform. The understanding and commitment of those same participants has also allowed us to begin to explore processes and ideas never before implemented and which are outside the traditional boundaries of the old process. To this end, continued flexibility is important and necessary for us to partner with business to ensure that we are providing the proper training, counseling and education and to react timely to the rapidly changing needs to the economy and the job market.

We ask that you eliminate the duplication in programs. We ask that you review all Federal Programs that provide assistance including Housing, Transportation, Education and Training Programs in order to develop one set of criterion so the individuals can receive the full array of services they require without working through different programs, each somehow unique and with its own eligibility requirement. We feel that by providing local flexibility to address the needs of each community with appropriate oversight, these issues can be addressed and resolved and people can leave welfare rolls to become productive upwardly mobile members of our community. We think welfare to work will change to work to work as individuals continue to acquire additional skills and achieve higher economic successes as they learn and earn.

Thank you for your continued commitment and leadership and for taking the time to seek our input and the local level perspective.

Post-welfare program falls short, audit finds

Jobs too few,
wages too low,
state concludes

By DAVID COX AND JEFF KUNERTH

TALLAHASSEE BUREAU

TALLAHASSEE — A statewide

audit is highly critical of a program

to help welfare recipients become

self-sufficient, concluding that the

jobs it created aren't good enough

for people to make a decent living.

State auditors found that fewer

than 10 percent of the 6,800 jobs

that legislators promised would be generated from the \$25 million program are occupied by full-time workers. And 75 percent of those jobs pay only \$3.15 to \$7 an hour.

While the program represents only a small percentage of the jobs the state is trying to match with the 3,000 welfare recipients entering the work force each month, many of the problems cited in the audit are common: People coming off of welfare are not becoming self-sufficient.

Employers who hire former welfare recipients complain that they are not ready for the work world and have trouble with family prob-

lems, transportation and child care. Former welfare recipients, like, who have resisted the state's education and training programs — largely because of the difficulty of working, raising children and going to school at the same time. Only 2 percent are enrolled in classes or vocational training. Some training programs have resorted to paying clients to attend classes.

"You don't take a mother with three children and move them to self-sufficiency overnight," said Phyllis Busansky, executive director of the state Work and Gain Economic Sufficiency board.

Busansky noted that state welfare recipients and child care, who have resisted the state's education and training programs — largely because of the difficulty of working, raising children and going to school at the same time. Only 2 percent are enrolled in classes or vocational training. Some training programs have resorted to paying clients to attend classes.

"You don't take a mother with three children and move them to self-sufficiency overnight," said Phyllis Busansky, executive director of the state Work and Gain Economic Sufficiency board.

fare mills are down 76 percent from the 152,000 families that received welfare when WAGES began in October 1996. Most of the money earned in those families are now employed, but they're still making low wages.

The WAGES Coalition for Miami-Dade and Monroe counties has \$8 million worth of contracts with five employment projects. Originally, the coalition hoped to employ about 3,000 welfare recipients, but the number is closer to 300, said Milton Vickers, the coalition's executive director.

In Palm Beach County, the work force development council has re-

lind as the growing market, rather than a government-supported program, to create jobs for former welfare recipients.

So far, it's working, said Executive Director Ken Montgomery. Employers desperate for people are more willing to train inexperienced workers than they were in the past, he said. And they're paying on average \$7.25-\$7.40 an hour — a competitive wage for first-time employees.

No one at BETA, Broward County's Workforce Development Board, could be reached for comment late Friday.

The program's administration

said the auditors' criticisms are premature. "So much of the report is dedicated to reporting problems with dealing with WAGES clients and reviewers failed to recognize how successful these projects have been when compared with the other solutions the state has attempted," wrote Curtis Austin, president of the Workforce Development Board for Enterprise Florida.

On Tuesday, the auditors are scheduled to meet with the Senate Commerce Committee to discuss various aspects of the welfare-to-work program.

Mr. FOLEY. Thank you. Our next presenter will be Gerald Miller, Senior Vice President and Managing Director, Lockheed Martin IMS from Austin, Texas. Gerald.

**STATEMENT OF GERALD H. MILLER, PH.D., SENIOR VICE
PRESIDENT AND MANAGING DIRECTOR, PRIVATE-SECTOR
REFORM SERVICES, LOCKHEED MARTIN IMS, AUSTIN, TEXAS**

Dr. MILLER. Thank you. Chairman Johnson, Congressman Foley, Congressman Cardin. As the former Director of Michigan's successful "To Strengthen Michigan Families" welfare reform initiative and currently as Managing Director of private-sector welfare reform services within Lockheed Martin IMS, I appreciate the opportunity to speak to you today about Florida's work force development system and Federal welfare reform legislation.

I am proud to stand before you as a witness to your vision. Welfare reform is working. It is working in Florida and it is working throughout the nation. The facts are indisputable. More families than ever are breaking the cycle of dependency, trading a welfare check for a paycheck, and building life-long skills for long-term self-sufficiency.

Welfare reform works because, as a governing body, you had the foresight to know that long-term change requires the involvement of all sectors of society—public, private, education, non-profit, business community and faith-based organizations. Here in Palm Beach County, we partner with Goodwill Industries, as Marv stated here; with Palm Beach Community College; with Florida-Atlantic University; with Lutheran Services and other community-based organizations.

Together, we have effectively changed the debate from one of entitlements to one of personal responsibility, not only from the client but from every state, every community and every individual.

As an early implementation state, the State of Florida ventured into uncharted waters. Florida set out to create a customer-driven delivery system with all services available under one roof—a one stop system that you have seen today.

Florida's customer-friendly one stop system has increased customer recruitment and participation by eliminating the confusing maze of job development programs once scattered at several locations throughout the communities. Now all programs, all activities, all information are available at a single site, as you saw. In Florida, there is no wrong door, every door is an entryway to opportunity.

As the largest provider of welfare and work force services in Florida, Lockheed Martin IMS has helped more than 35,000 families find jobs. Equally important, more people are being retained and promoted in jobs, leading to long-term self-sufficiency.

Our solution in implementing the visions of local coalitions has been to create a professional, business-like, customer-friendly environment that customers want to return to, providing job seekers not only employment skills, but life skills as well, while concentrating from day one on job retention in their efforts.

The private sector has proven an invaluable resource in implementing welfare reform. Working in true partnership, as I mentioned, with local organizations, the private sector has acted as a broker of community resources, while leveraging needed human, financial and technological resources to re-engineer a more effective delivery model.

As mentioned, competitive procurements have led to greater accountability and a demand for innovations in a system once focused on helping people onto welfare, rather than helping people to break the cycle of poverty.

It is a fitting tribute to Executive Director Ken Montgomery, Chairman Bill Pruitt here, the Palm Beach Work force Development Coalition in which Lockheed Martin IMS is a provider, that the Committee has chosen Palm Beach to hold this important hearing today.

Under Mr. Montgomery's leadership, Palm Beach has achieved the highest participation rate among all urban areas here in Florida.

Madam Chairman and Members of the Committee, even with all this success, there is still important unfinished business that needs to be done. Clients can and should be better served by a fully integrated system.

Madam Chairman, while the Committee has made great strides in reforming welfare, TANF, Washington has failed to take the same bold necessary steps in reforming food stamps and Medicaid. As a result, the Federal bureaucracy has blocked efforts to provide better services to TANF clients, by prohibiting innovation in determining, as has been mentioned, eligibility.

I urge the Committee to propose legislation giving states the flexibility and authority to allow eligibility for food stamps and Medicaid to be determined by local service providers, as is the case with most other programs here in the one stop centers.

Welfare reform is working but it can work even better. We ask your assistance in helping us stay on the right track, opening doors of opportunity for even more Florida families in need.

Thank you, Madam Chairman. I am happy to answer any of your questions.

[The prepared statement follows:]

Statement of Gerald H. Miller, Ph.D., Senior Vice President and Managing Director, Private-Sector Welfare Reform Services, Lockheed Martin IMS, Austin, Texas

Chairman Shaw, Chairman Johnson, members of the subcommittee, as the former Director of Michigan's successful "To Strengthen Michigan Families" welfare reform initiative, and currently as Managing Director of private-sector Welfare Reform Services, within Lockheed Martin IMS, I appreciate the opportunity to speak to you today about Florida's workforce development system and federal welfare reform legislation.

I am proud to stand before you as a witness to your vision. Welfare reform is working. It's working in Florida and it's working throughout the nation. The facts are indisputable. More families than ever before are breaking the cycle of dependency; trading a welfare check for a paycheck, and building life-long skills for long-term self-sufficiency.

Welfare reform works because as a governing body, you had the foresight to know that long-term change requires the involvement of all sectors of society—public, private, education, non-profit, business, community and faith-based organizations.

Together, we have effectively changed the debate from one of entitlements to one of personal responsibility—not only from the client, but from every state, every community, every individual.

As an early implementation state, the State of Florida ventured into uncharted waters. Florida set out to create a customer-driven delivery system with all services available under one roof—"One-Stop."

Florida's customer-friendly One-Stop system has increased customer recruitment and participation by eliminating the confusing maze of job development programs, once scattered at several locations throughout communities.

Now, all programs, all activities, all information are available at a single site. In Florida, there is no "wrong door." Every door is an entryway to opportunity.

As the largest provider of welfare and workforce services in Florida, Lockheed Martin IMS has helped more than 33,000 people find jobs. Equally important, more people are being retained and promoted in jobs, leading to long-term self-sufficiency.

Our solution in implementing the visions of local Coalitions has been to create a professional, business-like, customer-friendly environment that customers want to return to, providing job seekers not only employment skills, but life skills as well, while concentrating on job retention from day one.

The private sector has proven an invaluable resource in implementing welfare reform. Working in true partnership with local organizations, the private sector has acted as a broker of community resources, while leveraging needed human, financial and technological resources to re-engineer a more effective service delivery model.

Competitive procurements have led to greater accountability and a demand for innovations, in a system once focused on helping people on to welfare, rather than helping them break the cycle of poverty.

It is a fitting tribute to Executive Director Ken Montgomery and the Palm Beach Workforce Development Coalition, in which Lockheed Martin IMS is a provider, that the Committee has chosen Palm Beach to hold this important hearing today.

Under Mr. Montgomery's leadership, Palm Beach has achieved the highest participation rate among all urban areas in Florida.

Even with all this success, there is still important unfinished business that needs to be done. Clients can and should be better served by a fully integrated system.

Under the leadership of Governor Bush, Secretary Kearney and Don Winstead, Palm Beach is embarking on a pilot project to improve the system, but ultimately, a coordinated solution is needed nationwide.

Madam Chairman, while the Committee has made great strides in reforming welfare, Washington has failed to take the same bold steps in reforming Food Stamps and Medicaid. As a result, the federal bureaucracy has blocked efforts to provide better services to TANF clients, by prohibiting innovation in eligibility determination.

I urge the Committee to propose legislation giving states the authority to allow eligibility for Food Stamp and Medicaid to be determined by local providers, as is the case with most other programs in the One-Stop Centers.

Florida's One-Stop "No Wrong Door" system is working. But it can work even better. We ask your assistance in helping us stay on the right track, opening doors of opportunity for even more Florida families in need.

Thank you Madam Chairman. I am happy to answer any questions.

Mr. FOLEY. Thank you, Gerald. Our final presenter, Corletta Clay from Asili Resource Center.

**STATEMENT OF CORLETTA N. CLAY, SEVEN PILLARS GROUP
INC., WEST PALM BEACH, FLORIDA**

Ms. CLAY. Let me just preface my commentary with the fact that, like many of those who spoke before me, I too agree that welfare reform is working on many levels—if you know how to work it.

I just want to talk a little bit today to our honorable legislators about how that can work better. I want to present to you the anti-view, the client's perspective, which is often very finite, more finite than the eagle's eye view which a policymaker might have. To the ant, a molehill can look like a mountain.

I want to talk about two areas that need some tweaking.

Access. In a model that says that it addresses the barriers of child care, Medicare, food stamps and transportation, how do we get people to where these resources are? How do they get to what they need? There are still too long waiting lists for much needed child care. There are still too many people unsure of how to access the services they need to make their attempts at self-sufficiency successful. There are too many people who do not even know what is available to them.

How do people move more easily from point to point in this cumbersome system where very often the frontline staff do not even know how to do that? It is not the staff's fault—constantly changing guidelines and regulations coming down faster than can be processed or implemented, large impossible caseloads, turnover and the performance-based paper pushers at the top do not make this easy.

Unfortunately, the new reform sometimes looks a lot like the old way of doing business. There are still literally layers upon layers of administration and bureaucracy. And we know the one stop—even though I believe that we have in Palm Beach County one of the best in the state, under the leadership of the most compassionate and responsive person in his field, Ken Montgomery—the one stop is still not a one shot deal and people are still being given the run around. How can we make this client-driven system actually become user friendly? Maybe I need a book, “Welfare Reform for Dummies.” We have to begin to teach clients how to advocate in their own behalf and how to ask the right questions to get the desired results. Some would label clients hard to serve, but I say that maybe we are hardly serving in their best interest.

Solutions to this could be system navigators and advocates working in conjunction with frontline staff, trained to help people get what they want and to where they need to be.

Definitely more inclusion and improved collaboration and utilization of private non-profits, churches and non-traditional partners.

Lastly, livable wages. How do we realistically address this challenge within the confines of a work-first model? We must use a new kind of creativity to get people with a low-skills base into jobs, which will provide a means of support and a chance for some economic growth.

Yes, people are working, but is a mother of five working at a minimum wage job—and dare I say in Palm Beach County—in a position of strength and sustainability? I do not think so. Where is the light at the end of the tunnel for those countless hundreds trapped on the dead end super highway? Indeed, where is the tunnel?

Some solutions to this could be a serious study and implementation of other models which do combine work and training and education.

In-depth career counseling versus job training—career versus job.

Finding a tool that will allow us to hone in on individuals' natural God-given talents and use them in a career which will allow them to move along the economic continuum.

And then last, the creation, development and investment in businesses which will put people to work at livable wages and offer the chance for professional personal growth and expansion.

Thank you.

[The prepared statement follows:]

Statement of Corletta N. Clay, Seven Pillars Group Inc., West Palm Beach, Florida

Access:

In a model which says that it addresses the barriers of childcare, transportation etc: How do we get the people to where the resources are? How do they get what they need? There are still long waiting lists for much needed childcare. There are still too many people unsure of how to access services needed to make their attempts at self-sufficiency successful. There are too many who don't even know what is available.

How do people move more easily from point to point in this cumbersome system? Where very often the frontline staff don't even know how to do it. It's not their fault: constantly changing guidelines and regulations coming down faster than can be processed or implemented; large impossible caseloads, turnover; and performance-based paper pushers at the top don't make it easy.

Unfortunately, the *new reform* sometimes looks a lot like the *old way* of doing business. There are still literally layers upon layers of administration and bureaucracy. We know "One Stop" is not a "One Shot" deal; people are still being given the run around. How can we make this *client driven* system "*user friendly*"? Maybe I need a book, "Welfare Reform for Dummies?" We have to begin to teach clients to advocate in their own behalf. How to ask the right questions to get to the desired results. *Some would label clients "hard-to-serve," maybe we're "hard ly serving" in their best interest.*

Solutions:

- *System Navigators and Advocates*, working in conjunction with line staff, trained to help people get to what and where they need to be.
- *More inclusion, improved* "collaboration and utilization" of private non-profits, churches, and non-traditional partners.

Livable Wage

How do we realistically address this challenge within the confines of a work-first model? We must use a new kind of creativity to get people with a low-skills base into jobs, which will provide a means of support and the chance for economic growth.

Yes, people are working...*but* is a mother of five working a minimum wage job (dare I add...living in Palm Beach County) in a position of strength and sustainability. I don't think so. Where is the light at the end of the tunnel for those countless hundreds trapped on the "dead-end job" super highway? *Indeed, where is the tunnel?*

Solutions:

- *Serious study and implementation of other models which combine work training and education.*
- In depth *career* counseling vs. *job* training.
- Find a tool that will allow us to hone in on individuals natural God-given talents and use them in a career, which will allow them to move along an economic continuum.
- Creation, development and investment in businesses which will put people to work at a *livable wage* and offer the chance for professional growth and expansion.

Mr. FOLEY. Thank you very much. Ms. Johnson.

Chairman JOHNSON. Thank you very much; thank you all for your testimony, it was really interesting and raises—gives us a lot of information and raises more questions than we have time to ask.

But Corletta Clay, I would like to comment on your testimony, which is testimony that we all know to be true. And I hear the plea of this panel and the preceding people testifying, that would you please simplify eligibility criteria. And you refer elsewhere to other barriers.

We need to know your recommendations in as specific terms as possible and that is why a hearing is a good time to start. But we need letters that tell us about barriers and problems with Federal laws that need to be rectified. Because unless you are at the bottom, you do not see that, you just cannot see it. And not only can we not see it because we deal with one law at a time, but there are other Committees that have key jurisdictions on some of these issues, which would work with us, if we called it to their attention. So any follow-up information you can give us that is very specific—such as there is this law telling us one thing and there is this law telling us another thing—is most helpful. If you can break that barrier, then we can do such and such. That would be very helpful.

I do think this business of other models that combine work, training and education, career versus job, is the next challenge. And Ben and I have talked about that at quite some length. It is important to get people into some job, so they find out that they can work, but the challenge is that with all the assessment that you are doing and as good as goodwill is at that first entry level, once you have been working 2 years, your talents change. I mean you find out things you did not know about yourself that nobody could have told you. So we do have to develop, in the long run, not just for people coming off welfare, but for unemployed people in general, and employed people, a place to come back to where you can re-evaluate your skills.

One of the things interesting to me in today's environment is how many more people do not go to the state unemployment offices, they go to head hunters' offices. Why? Because head hunters help you look at who you are and what you have accomplished and where you might want to go.

So I really appreciate your comments, and we are very conscious of them and any ideas you can give us—I see the need for case management, particularly for certain people who need a lot of support to get to that point, but we need to think through what are the next set of people. I think your comment of navigators is very useful, I was impressed with Ken playing out how much the coupons help people—so we get ideas as we go around, but it is important for you to think through some of those things that go to the heart of the next challenge, which is career development, development of more financial sophistication. It is a crime that we are not teaching people that if they would just save \$5.00 every week, in the long run, that will multiply. We do not teach them about compounding.

So I really appreciate your comments, but I want to ask a specific question. First of all, I want to make one other comment.

The President recently signed a bill that we wrote last year that will make children in foster care, who age out of foster care, automatically eligible for the same job search, job support, all these services that you offer to people coming off welfare. We did pass in the House, a fatherhood bill, that will make the fathers of chil-

dren on welfare eligible for these services. Now you have such a high income eligibility guideline in this center that it may be that all those folks are eligible anyhow. So I do not know whether that is going to make any difference to you.

But we are finding other groups that need these kinds of services just as much. And in the end, everybody needs these kinds of services whenever they are unemployed.

We have focused a lot on day care and we see that states do not have the right dollars in the right sector of their day care industry, but at least there is a structure there and they can figure that out. And there is money.

More difficult for me to determine is are the drug treatment resources there. You look at the child abuse statistics and you look at what our child caring agencies are faced with; you know, 80 percent of family problems have a substance abuse component. Are the substance abuse treatment resources diverse enough, are there slots, is there money? And the second thing that is equally important, are the mental health resources there, and is there anybody paying? Do you think those are actually a big problem in terms of the people you see? Maybe they are not, maybe they are at that level out there that you are not getting yet.

Yes.

Ms. CLAY. I agree that it is a serious problem. Our agency works with inner-city youth and families right there on the frontlines with the folks that are going through this process, this WAGES process. And my commentary about better collaborations and more inclusion of private, non-profit, faith-based initiatives—I said churches, but I have to be politically correct—and non-traditional partners, we could do a better job of that. I think oftentimes, a lot of the frontline staff who are doing intakes for WAGES clients or servicing them do not know what is out there, what is available. There is no need to re-invent the wheel, we could use what we already have, but we are just not maximizing the potential that is already out there.

Mr. FOLEY. Marvin.

Mr. TANCK. I will address the issue about substance abuse and mental health services. Most publicly funded substance abuse programs and mental health programs get you well enough to get you back out the door and even your private funding sources are slowly moving in that direction. So it is generally too late and too little money to get people to self-sufficiency, not only vocationally, but also if they have the strength mentally and confidence in one's self to pursue a vocational activity, which in itself can be therapeutic. But if you cannot get to that point, you will never get to the benefit of work being therapeutic.

Mr. FOLEY. Anybody else? Gerald.

Dr. MILLER. Just briefly, Congressman Johnson, what you said I think is absolutely correct. Our experience would clearly show—and we have done some studies on this point—that the substance abuse issue is clearly now one—of those who are still on public assistance, one of the largest barriers and I do not think there probably is not enough dollars in this field at this stage, there needs to be a focus, and as was mentioned, that the primary service pro-

vider and others needs to partner with groups, and as was mentioned, provide these services, but it is a major issue.

Chairman JOHNSON. So what I hear you saying is that actually, a part of this problem is not even getting into your system. So there is no real integration of the Department of Mental Health's clientele in their treatment centers with work assessment, with the kind of things that might help those people see what they could do while they are recovering, what they could do part time and eventually what they could do as their talents in a sense become freed up. That is an interesting point, thank you.

Mr. FOLEY. Mr. Cardin.

Mr. CARDIN. Thank you, Mr. Chairman.

First, let me compliment all of you and compliment the private sector and the non-profit sector and the advocacy sector for what you are doing to make welfare reform work in the state of Florida. And I join the Chairman in his emotional response to Rev. Ray's video. It helped us put a face on the issue. We talk statistics, but it is that child there who only wants a hug at night rather than listening to gunshots is what this is all about.

I must tell you, as I listened to Ms. Johnson's questions, it points out that there are a lot of puzzle pieces that we have to get together here. Welfare reform should be tools that are available, but if you do not have drug treatment available, it is not going to work. If you do not have safe day care—Mr. Pruitt, I was interested downstairs in the program here, the tremendous shortage you have on weekends and nights in getting safe child care. Because businesses want people who can work weekends, particularly in this community where you have a lot of activity over the weekends and nights, the jobs are going to be there, so if you do not have day care that is going to give you a safe place for your child, you can have all the education, all the job skills, all the desire, but you are not going to be able to get the type of job that you want. So it really does cry out for us to work to put this all together.

And let me also say, the State of Florida has a large surplus—has a surplus of TANF funds, has a surplus generally. My State of Maryland has the largest surplus I think in its history. The legislature just went into session, we have huge—and our economy is going strong nationally, we have surpluses nationally. Now is the time for us really to take a look at how we can invest so that every child can have the right opportunity—not to waste money but to put the money where it is needed so that these issues can be addressed. So I very much appreciate your testimony.

Let me make just a couple of other observations and if you want to respond to it, I will be glad to listen to your response.

Ms. Clay, you mentioned the fact that a person starts to work have livable wages. The information supplied to me through Florida Impact, an advocacy group, indicates that those entering employment off of welfare, the average wage is \$5.82 an hour. Now you need a job, nothing wrong with starting a job at \$5.82 an hour, but where are you a year or two from now. Are you getting part of that American dream that Rev. Ray is trying very much to get instilled into people that he is getting to work?

I would be interested to see—and I will tell you, I do have hope here in Florida because of your follow-up services working with

people, staying with people. It is not just getting them the job, it is to stay with the individual so that the individual has a permanent type of opportunity to be out of poverty.

So—and then another statistic that really troubles me. We have a strong economy, we have the lowest numbers of welfare rolls, cash assistance in a long time, yet when you look at the emergency food assistance programs, the soup kitchens, they are having record numbers, the largest in their histories in many cases—well the largest in the last decade anyway. So what is happening out there? There are some problems.

Now maybe it is—I am not suggesting that welfare reform is causing the problem—I do not believe that. But there are problems out there that we have not addressed yet and we have to figure out a way to put this together because the Great Society does not want to be known for the number of people that have to go to soup kitchens at night.

Mr. FOLEY. Comments? Yes, Gerald.

Dr. MILLER. Just one on the living wage issue that I think Marv mentioned and others, performance-based contracting I think is very positive, and we have a number of contracts and we see it where we get what is called a pay point by increasing the wage of the—helping to increase the, in essence, take-home pay of that client. And I think it is a part of this innovation, the flexibility that is allowed by local work force boards, putting those kinds of structures in, and I think we are beginning to see some improvement where we have our case managers know that that is a pay point and accountability issue and we are beginning to see some progress made in that area.

Mr. FOLEY. Yes, Bill.

Mr. PRUITT. Yes, Congressman, we studied our own group and found the average wage to be about \$7.07, but our Board has said that is not satisfactory, that only comes to about \$12,000 a year. We benchmarked it at twice that, we want our people to earn at least \$25,000 a year. You are absolutely correct. And that is where we have to explore those non-traditional ways perhaps or innovative ways of teaching them to improve their skills so they move up the ladder. And then we can move more people in at the bottom and continue to move them up. Those harder to serve people that we have talked about that are going to have a little bit more trouble, we get them in as the other people move up. And we have got to work at that, you are absolutely correct.

Mr. FOLEY. Bishop.

Mr. RAY. That again goes to a degree to the point that may be beyond the immediate means of this panel, but not beyond your influence in Congress, and that is to the degree that there is no self-actualized economy in the community, that the individuals are in essence being exported from many times, to match to a job available in another part of the county, there is a point in which the entry level income is going to far be depreciated, given the hopes that they have when they finally do get a job. So there comes a point in which without that local community-based economy, that has to be spurred through some mechanism of monitoring, assessment, re-investment policies for local communities, we are going to

continue to see dashed hopes which in turn lead to despair within the community.

Mr. Pruitt said it earlier, it is the faces on that screen of the small ones that are yet to come that all of these parents that are finally entering the work force are most involved with. They are saying what about my child that is coming behind me and at some point, that despair becomes a major problem.

Mr. FOLEY. Thank you. Corletta.

Ms. CLAY. I just wanted to say that we also need to begin to take a look at our state's natural resources. I know here in Palm Beach County, we are getting ready to experience a great boom in the hospitality industry, we are building hotels, convention centers and those types of things, and those are jobs which could require very little in terms of high tech skills, just people who know how to be people persons, who have inter-personal skills, who are very trained in customer service, who can provide that industry with the types of employees that they are looking for. And even a housekeeper starts at \$8.00 a hour. So again, taking a look at what the natural resources are wherever we come from.

Mr. FOLEY. Yes?

Chairman JOHNSON. May I comment on this point. Using a Federal grant money in revitalizing a neighborhood—now in my part of the country there is not necessarily a boom economy and particularly in some of the smaller cities that used to be big manufacturing centers—and we actually did a door-to-door evaluation of who is unemployed in just a succinct neighborhood, who is unemployed and who is under-employed.

What you are doing here does give you a lot of knowledge of who is under-employed because you placed them. You know, one of the things you might think about, and there has been some work done on this at Harvard by a guy named John Porter, Dr. Porter—it is not John—anyway Porter is his last name—and they did a study in Boston of where some of the big Boston employers were, for instance, buying their forms so that they could help that forms company in Boston expand employment, buy new machinery, hire locally and feed its own business. And you might begin to look at local employers—because we did through this study then and the tearing down of a big old factory, we are now working with the people who are building new factories there to try to customize train the people who can walk to work. We will not have the commute problem, we will not have the transportation problem and we will have secure employment. So you might consider, as some of these employers need people on the front desk who have some experience, moving some of your own people up to those jobs and then moving your own clients into those opening jobs. But somehow, we have to do a far better job in the community, so that we overcome some of these problems that ultimately are going to be hopeless, I think particularly in transportation. It does not make sense to try to raise a family and commute 45 minutes to work.

So I really think that if we want to build communities and strengthen the fabric of our lives together, we have to be able to address these issues—and since you already have such very good relationships with your employers as well as your employees, I hope you will do some of that and if you are already doing it, you

will let me know, and if you try new things and they work, you will let me know.

Thank you.

Mr. FOLEY. You just used a commercial slogan, so I have to—
[Laughter.]

Mr. FOLEY. The fabric of our lives.

Corletta, you said something and then you backed away from it because you said it was politically incorrect. You mentioned faith-based organizations and that is why I asked the Bishop to be here. I personally feel that people are more comfortable dealing in that environment with some of their problems, whether it is a lack of literacy, whether it is a lack of hope. Would you expound a little bit on why maybe faith-based groups should be more active participants in this movement?

Ms. CLAY. Let me correct you, Congressman, by saying that I initially said churches but now the buzz word is faith-based initiatives.

Mr. FOLEY. Oh, Okay.

Ms. CLAY. Which I cannot even say. They are important, because as we know, man is spiritual in body and we have been working on the problem externally and I think that people are beginning to realize now that we have to do this the other way, it has to be dealt with from an internal process because poverty is a state of being, it is a state of where the mind is, it is a mental state as well as it is one of economic status. And the churches are in a position where they can do this, they have been the cornerstone of many of the communities that have the greatest numbers of folks on welfare forever, and again, a great natural resource that really has not been tapped into in the way that it could be.

Mr. FOLEY. If we mention it in Washington, everybody gets chills like we are trying to send everybody to church—it could be a synagogue, it could be any number of places. But what I find important is when people are talking to Bishop Ray about their own personal salvation, part of it is I am addicted to drugs and I have despair, how can I improve my life. And he may have some ready answers. What Nancy and Ben and I have worked on in Washington is trying to find a way to integrate the system so there in fact in the fatherhood initiative, I think we deal with faith-based groups because no better way than watching that video to realize a lot of people are proud of raising their children.

Ms. CLAY. I do not think we can exclude any help we are offered from any arena, wherever it comes from, we cannot turn it down.

Mr. FOLEY. Bishop, how do you find obviously the movement toward self-fulfillment in your own congregation, and then with outsiders visiting you frequently?

Mr. RAY. Well, first of all, let me say that we have been privileged to birth effective in December 199 what is now a national collaboration that will ultimately be over 50,000 faith-based organizations involved call the National Center for Faith-Based Initiative. And it is based upon the recognition of clergy including Floyd Flake, former Member of Congress, who is now one of our Board of Governors members, to the inherent synergies within our congregations. And not only that, but the oftentimes unrecognized silent partnership and affirmative partnership of faith-based organi-

zations in dealing with the plethora of problems that we have in our communities, and quite frankly, as Corletta has accurately stated, many times even with welfare when it was strongly current in our communities, it has been that hope and that inspiration of a greater day coming that has been proffered through their churches that has kept people ready and looking for the great opportunities. So the personal fulfillment as persons are seeing the things that the faith-based organizations provide is immediate accountability, assessment, encouragement to keep them in small groups where they are talking one to another about what is working, what is not, so that the model is not one that is just discussed, it is one that is evaluated almost weekly and assessed weekly. That is very, very important.

Chairman JOHNSON. Reverend, let me just say that I was very pleased to see that you are a national organization taking shape and growing and then will tell you that one of the hardest fought amendments in our fatherhood bill was to try to drop the charitable choice language from the welfare bill that we brought into the fatherhood bill. And it is going to be very important for your coalition to begin to help members and the public see how important faith-based participation is; because separation of church and state is a profoundly important principle in our Constitution and in our lives and you will never retain yourself as a free society if you let the government start meddling with your religion.

Mr. RAY. That is right.

Chairman JOHNSON. So we do need for your organization to begin talking with Members of Congress and working with us about how we can help people see how your participation provides options, provides support that government cannot provide, but does not coerce.

Mr. RAY. Absolutely.

Chairman JOHNSON. So I look forward to our working together.

Mr. FOLEY. I promised I would get the Chairlady out to a plane. I just want to thank everybody.

Gerald, she did have a question, if you could put it in writing, for private contracting, why it is so important in this process and are you coordinating with all the various players. If you would be so kind as to do that.

Let me finalize by saying first and foremost I appreciate everyone's attendance, particularly my colleagues. And one of the things I think came dramatically out of the testimony today, beneath the surface, I think one of our greatest societal problems is mental illness. We do not talk about it enough, it affects homelessness, it affects drug addiction, it affects virtually everything that is right and what is wrong in our society. and I hope as we talk about these excessive revenues that are pouring into the system, TANF dollars, some unspent, that maybe part of the formula has to be those that are still on welfare are probably there for a reason, they cannot function in society without some remedial help.

I will make the following example, when Russell Weston stormed the Capitol in Washington and killed two of our police officers, Congress' first response was we have got to make this place safer, we have got to put up barricades, a visitor's center, detectors, to make ourselves safe while the rest of the world was at risk.

What I think we need to do besides talking about securitization of buildings is finding the help necessary for Russell Weston, schizophrenia and all the other diseases, and why they act out their grief and why they act out their madness in such public violence. And I think when you look at Columbine, you look at all of these incidents, there is something underlying the emotional stability of human beings that are acting out rage that is devastating society. And I think out of all of this, that should be the focus we hope in the next 2 years, those area where then maybe welfare reform coupled with spiritual reform coupled with an uprising of the nation working on some of those that have fallen behind, we will be very successful.

Let me thank you all very much for coming and I want to particularly recognize all the staff for Members of Congress who are here, if they would rise, and the people from the Committee, for making all of these reservations and the Development Council for their hospitality today and the wonderful hoagie sandwich.

[Laughter.]

Mr. FOLEY. We are adjourned.

[Whereupon, at 3:01 p.m., the hearing was adjourned.]

[Submissions for the record follow:]

Statement of Hon. Tillie K. Fowler, a Representative in Congress from the State of Florida

Welfare reform stands out as one of Congress' greatest success stories during the 1990s. The partnership we have forged with Florida and other states has proven that together we can move mountains previously considered too much to conquer.

Welfare caseloads are down by an average of 45 percent nationwide. More female family heads have entered the labor force than ever before. Overall poverty and child poverty have declined. The incomes of mothers in the bottom fifth of income levels who have left the welfare rolls have increased, albeit slightly.

Florida's WAGES program—Work And Gain Economic Self-Sufficiency—has been particularly successful. More than 100,000 welfare recipients have found employment in just three years. That is almost a 75 percent decline in the state's welfare rolls. In the Jacksonville area, the number of welfare recipients dropped 88 percent—the highest percentage in Florida. Eighty-five percent of those individuals are earning at or above minimum wage, which puts them in a better financial position than they were in while collecting welfare.

Just last month, pursuant to the welfare reform legislation Congress enacted in 1996, President Clinton announced this year's bonus funding, rewarding states that have moved the most welfare recipients into jobs and that have helped those individuals to keep their jobs and to earn higher wages. Of the 27 states receiving such bonuses, Florida showed the greatest improvement in job success. That additional money will help Florida to further improve its WAGES program and to move more welfare recipients into work.

Like many states, because of the success of its program, Florida has accumulated an unanticipated fund to use in improving its welfare-related social services. A good portion of that money has been put into a sort of rainy day fund to hedge against any future economic downturn. Other portions of this fund will be put into child care resources, substance abuse treatment, and other programs to help these families break the cycle of dependency.

Governor Bush and the WAGES teams across the state know well that the success thus far achieved does not mean that our work is done. The families still on welfare represent some of the most challenging cases. Congress recognizes this as well, and is working to expand the options available to states. For instance, last year, the House passed legislation championed by Congresswoman Johnson, the Fathers Count Act, meant to promote the father's role in parenting and family life—a natural extension of the reform that has previously focused on welfare moms.

I look forward to continuing to work with my colleagues in Congress and with Governor Bush to continue to improve WAGES and the other welfare reform experiments being conducted across the nation. The families we help today, and the families they will become tomorrow, are surely worth no less.

Statement of Miami-Dade/Monroe WAGES Coalition, Miami, Florida

Pursuant to the details for submission of written comments, the Miami-Dade/Monroe WAGES Coalition would like to include the following statement:

It is our understanding that there has been discussion on the federal level to ask that states return their savings from the TANF block grants. As one of the largest welfare reform initiatives, we cannot stress strongly enough how important it is for states to continue using those savings for the welfare population and the working poor.

Presently, Florida is serving a population that is considered the hardest to serve due to multiple barriers such as substance abuse, mental health, literacy issues, and language barriers. States can use those savings to develop comprehensive programs that will facilitate the hard to serve populations entry into the workplace as well as provide needed support services that they must have to support the requirement of gaining self-sufficiency.

Another opportunity for TANF savings is the ability to use savings to fund preventive programs for the working poor that are presently at risk of entering the welfare system. By providing the working poor with childcare, transportation, and training opportunities we will further our mission of eradicating the welfare system, as we presently know it.

